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NEWS SUMMARY

GENERAL

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...nal Front is to go ... a mass canvass at ...aturday, Mr. Martin ...s national organiser, ... a meeting yesterday ...or Scotland Yard

... that the National ...d co-operate 100 per ...the police. The 1,500 ... who are expected to ...to be told: "No sing... ...iting, no banners and ...ups."

...ter had been called ...Yard, to hear an ex... the precise meaning ...ions imposed by ... order banning ...rches. He was given ...he order—and a cup

...he anti-Nazi League ...ialist Workers' Party ...pporters would have ...tings and conduct ...nvasses in Ilford on ...rces backs police.

...o, a Federal judge ...ne National Socialist ...y of the U.S. can ...ugh the Jewish com... ...kokie, Illinois.

...:o launch ...-year plan

...Committee of the ...munist Party ap... ...draft of a 10-year ...an and changes in ...itution. Dropping its ...ecrecy, China is to ...relay Sunday's open... ...y of Congress by ...London and Tokyo.

...um risk

...nuclear risk to the ...be to continue to ...utonium and do ...b it, Dr. Walter ...uty chairman of the ...Energy Authority, ...a lecture which be ...ve at Glasgow Uni... ...ay. Page 7 and ...e 18

...charges

...people picked up ...e raids after the ...urant fire-bombing ...are to appear in ...charged with a ...fences in connection ...s crimes, none of ...to the restaurant ...lice said.

...mystery

...Government said it ...ng about reported ...dollar ransom pay... ...Baron Edouard-Jean ...Belgian industrialist ...dnapped outside his ...a month ago.

...counsel

...Mark, former Metro... ...llice Commissioner, ...week for Australia ...to advise the Govern... ...counter-terrorist

...their feet

...an Court of Justice ...olonged legal contro... ...ing that professional ...are workers. This ...them to move freely ...Community. Page 2

...nker Sig. Giorgio ...deputy director... ...he Cassa di Risparmio ...as shot and wounded ...atican.

...ondon Council has ...raise its grant to the ...heatre by £50,000 to ...xt year.

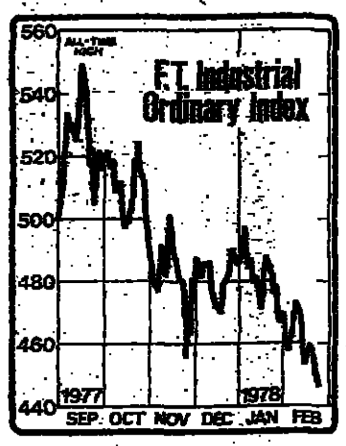
...e Brown, chairman of ...nt Chiefs of Staff has ...he prostate gland, the ...partment announced.

... has not appeared to... ...e of an unofficial with... ...labour by some com... ...m members of the ...raphical Association.

BUSINESS

Equities lose 4.4; dollar weaker

● EQUITIES steadily lost ground, the FT 30-Share Index closing at the day's low of 445.5,



off 4.4. The index has dropped 25.5 in the past nine days.

● GILTS were unsettled in late inter-office trade, although the FT. Government Securities Index earlier showed a gain of 0.36 to 75.09.

● STERLING gained 50 points to $1.9530, but its trade-weighted index was unchanged at 65.7. Dollar lost further ground, its trade-weighted depreciation widening to 5.62 (5.27) per cent. Several European currencies touched record levels against the dollar.

● GOLD rose $1.75 to $183.125, the highest closing level since February 1975.

● WALL STREET rose 1.90 to 750.95.

● U.S. MONEY SUPPLY: M1 $336.1bn. ($337.3bn.); [illegible] $813.6bn. ($814.7bn.); commercial and industrial loans at major banks up $215m. (up $39m.); fed funds 6.78 (6.76) per cent.; 90-day commercial paper 6.78 (6.76) per cent.

● WITTEVEEN facility—the supplementary credit arrangement for the IMF—got over a big hurdle when the U.S. House of Representatives approved U.S. contributions to it.

Profit setback for Chrysler

● CHRYSLER has reported a 61 per cent. drop in profits last year, while its main rivals, General Motors and Ford, achieved record sales and earnings. Back Page. Mitsubishi in talks with Chrysler, Page 6. Ford U.K. plan to boost parts and service business, Page 7. Strike at Leyland's Speke plant may be called off to-day, Page 11

● EUROPEAN Commission is giving its blessing to plans for two new U.K. oil refineries in a bid to gain Britain's support for a scheme to reduce surplus capacity in EEC oil refining. But despite the concession, the U.K. is likely to continue to oppose the EEC proposals. Back Page

● EEC Commission has drawn up a plan to subsidise European steam coal to help bridge the gap between high-cost EEC Coal and cheap imports. Page 2

● NATIONAL Enterprise Board is putting another £1.5m. into the loss-making British Tanners to help finance a slimming-down operation involving redundancies. Back Page

● GEC has emerged as the front-runner out of 11 international competitors for a £50m. power station contract in South Korea. Back Page

● BREAD manufacturers are expected shortly to seek a price rise of at least 1p a loaf. Page 7

COMPANIES

● BARCLAYS BANK lifted pre-tax profit by 35 per cent. to £267.6m. last year. Back Page, Lex, and Page 29

● HOOVER pre-tax profit fell to £12.24m. (£16.98m.) last year. Page 28 and Lex

PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...ldings	77	+ 4
...	56	+ 4
...	91	+ 4
...Match	175	+ 10
...natra	117	+ 4
...Fields	192	+ 4
...Plat.	90	+ 3

FALLS

...	186	− 6
...	90	− 6
...ros.	160	− 15
...res	138	− 6
...Ferries	100	− 4
...al General	128	− 12
...thy	254	− 20
...	280	− 6
...Royal Ex.	220	− 8
Hambros	158	− 13
Home Charm	110	− 8
Hoover A	323	− 4
ICI	336	− 4
Johnson Matthey	385	− 30
Lloyds Bank	256	− 6
Lucas Inds.	254	− 5
Manganese Bronze	79	− 7
Royal Insurance	336	− 10
Schroders	365	− 20
Scottish Cities A	160	− 6
Stock Conversion	236	− 4
Turner and Newall	197	− 6
Turner Manufacturing	99	− 9
Weir Group	111	− 4
Wigfall (H.)	210	− 4
Oil Exploration	206	− 16
Ultramar	202	− 10
Cons. Murchison	225	− 15
Conzinc Riotinto	152	− 6
Oakbridge	138	− 4
Pancontinental	750	− 25

MPs blame Varley and Villiers over steel cash crisis

BY ROY HODSON

Mr. Eric Varley, the Industry Secretary, and Sir Charles Villiers, chairman of the British Steel Corporation, were accused last night of contributing to the steel crisis by failing to take proper action last year when a possible annual loss of £350m. was being considered.

A report from the all-party Select Committee on Nationalised Industries says: "Belated steps are now having to be taken to deal with a £520m. loss (for 1977-78) which will have a far more severe effect on jobs and investment."

The MPs say Sir Charles neglected the corporation's own interests. He should have warned Mr. Varley of the need to make early policy changes to ensure that forecast losses did *not* materialise. Mr. Varley and other Ministers are blamed by the committee for failing to press for proper information.

"There was a grave lack of communication and confidence between ministers and the chairman of a nationalised industry which should not be tolerated," the MPs report.

Following the publication in January of earlier reports on the British Steel crisis by the committee, Mr. Varley and Sir Charles were ordered to appear before the MPs to explain what passed between them as British Steel's financial position deteriorated during 1977. The report is based on that evidence. *The evidence—which was given* in private—is published in full as part of the report.

Members of the commitee were asked last night whether they thought Mr. Varley and Sir Charles should resign over the issue.

Sir Donald Kaberry, the senior Conservative member, said the committee thought it was a decision for others whether "this dereliction of duty, big or small, should merit such punishment."

The committee is recommending that the Government holds a two-day debate on their reports into British Steel before the statement by Mr. Varley on the future of the industry,

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expected next month or in April.

Sir Charles is thought to have ruled out any idea of tendering *his resignation and the corporation* refused last night to make any comment on the report.

The MPs have included a thread of scepticism about the evidence they heard from Sir Charles and Mr. Varley and their *advisors.* Such phrases as "taken at face value, the evidence . . ." and, "if this evidence is accepted," are typical examples.

A key passage points out that, according to the evidence, Mr. Varley did not know when he spoke in the Commons on July 22, 1977 that the Corporation was *already internally forecasting* a prospective loss of £443m. Accounts of a meeting that took place on July 18 between Sir Charles and Mr. Varley do not record that figure being mentioned.

The commitete says that anyone reading Sir Charles' statements in July 1977 about British Steel's probable losses was bound to conclude that the best current estimate for the year 1977-78 was between £95m. and £255m., whereas *senior management* was working on the internal estimate of £443m. The report adds: "Even granted all the extenuating circumstances the phrases used by the chairman were an error of judgment."

A critical period in the fortunes of British Steel occured between July and September 1977, according to the committee. There appeared to be three principal causes for delay in taking action during that time:—

● AN apparent lack of communication and mutual confidence

Continued on Back Page

Regional train strikes threat

By Nick Garnett, Labour Staff

ONE-DAY regional train strikes are being organised by the Associated Society of Locomotive Engineers and Firemen, the train drivers' union, to follow the national one-day strike on March 1.

The decision to go ahead with strike action came in spite of the intervention yesterday of Mr. William Rodgers, Transport *Secretary, and Government concern* over the national stoppage's potential effect on the Ilford North by-election the following day.

The first regional strike will be in Scotland on March 7, followed by one in the London Midland region on March 9. Strikes in other regions will follow.

The wider impact of the strikes, called because of a row with British Rail over commission to pay-train guards, will differ from region to region.

Southern, for example, operates its services as a fairly self-contained unit whereas the Scottish region includes a large number of long-distance services into other regions, which also could be affected.

Mr. Rodgers spoke yesterday to Mr. Ray Buckton, the society's general secretary. Mr. Len Murray, general secretary of the TUC was in touch with Mr. Buckton. Mr. Rodgers asked Mr. Buckton to see him this morning at the Department of Transport.

The Government apparently has been concerned by the psychological impact the March 1 strike could have on the Labour vote the following day in the *by-election at Ilford.* Mr. Rodgers brought up the question of Ilford and asked Mr. Buckton to try to postpone the decision to call the national strike and to continue talks.

After talks between the Government and British Rail, Mr. Buckton was asked to take part in more talks with the railway management. The talks proved fruitless and the society's executive decided to rebuff any Government pressure it felt was *being exerted.*

Mr. Buckton said that the issue was not the Ilford by-election but the anger felt by drivers who had not been offered extra cash as the pay-train guards.

The *guards, members of the* National Union of Railwaymen, are to receive ticket-issuing commission of £2.50 to about £5 a week. British Rail says some new duties are involved and the payments could not and should not be made to the drivers.

The drivers' union says there are no new duties and the payments violate the railways' 1974 pay restructuring exercise. The payments would lead to bickering between all grades of rail *workers. The union says that* if pay-train guards receive extra payments so should drivers.

Rise in capital spending likely to continue

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CAPITAL SPENDING by manufacturing industry has been recovering strongly, and all the indicators point to a further substantial rise this year.

The Department of Industry announced yesterday that manufacturing investment last year was 6 per cent. higher than in 1976 at £1.76bn. (at 1970 prices). The rise would have been twice as large but for the cut in spending by British Steel Corporation.

Other official figures showed cent. higher than at the bottom of the investment cycle in the first half of 1976.

Investment is still below the peak totals of 1970 or 1974, though the latest intentions survey from the Department of Industry suggested that this level could be approached in 1978 with a projected rise in the volume of spending of between 10 and 13 per cent.

Other survey and anecdotal evidence suggests that invest-

CAPITAL SPENDING AND STOCKS
(£m., seasonally adjusted at 1970 prices)

	Fixed Capital Expenditure		Changes in physical stocks		
	Total	Manufacturing Industry	Total	Manufacturing Industry	Retailing
1974	4,858	2,028	606	634	−109
1975	4,120	1,745	−605	−429	− 65
1976	3,836	1,659	37	5	9
1977	4,078	1,761	361	237	17
1976 1st	940	405	59	0	33
2nd	923	407	−131	− 66	− 45
3rd	1,001	421	28	− 2	16
4th	972	426	81	73	5
1977 1st	997	420	278	125	102
2nd	998	432	199	164	− 5
3rd	1,040	454	− 70	− 31	− 44
*4th	1,044	454	− 45	− 21	− 36

* provisional

Source: Department of Industry

that manufacturers and distributors cut their stocks of finished goods and raw materials in the last three months of 1977 by a small amount, as in the late summer.

But the decline in stocks in the second half of the year only partially offset the very large rises in the first six months, and stock levels at the end of the year were historically high compared with the sluggish state of output.

In the Commons yesterday Mr. Denis Healey, the Chancellor, said he expected the substantial increase of retail sales in the last two months to be reflected in a build-up of stocks and in production in the coming months.

In Treasury questions Mr. Healey said he was confident that the next few months would show that the trend rate of growth of the money supply was within the desired range.

He again referred favourably to the West German experience, where monetary targets had been set to allow genuine scope for growth without reigniting inflation.

The official estimate is that if the *iron and steel sector* is excluded, manufacturing investment was about 12 per cent. up in real terms last year.

Expenditure was unchanged in real terms between the third and *fourth quarters, but the total in* the second half of 1977, including British Steel, was nearly 12 per ment plans are being implemented with a high level of spending in the chemical and vehicle sectors, including components.

Capital spending by the distributive and service sectors was 5 per cent. higher in real terms last year at £2.07bn. (1970 prices).

The level of physical stocks held by manufacturers and distributors fell by £45m. (1970 prices, seasonally adjusted) in the last three months of 1977, after a decline of £70m. in the previous quarter and a rise, partly involuntary, of £477m. in the first half of the year.

In 1977 as a whole manufacturers' stocks rose by £237m., of which about three-fifths was explained by a large rise in holdings of finished goods.

Both this trend and a historically high stock-output ratio of 108.2 suggest that there could be a slight lag before output responds to increased demand, though stocks of raw materials may now be increased.

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£ in New York

—	February 23	Previous
Spot	$1.9570-9540	$1.9445-9460
1 month	par-0.05 pm	0.05-0.05 dis.
3 months	0.07-0.02 dis.	0.17-0.12 dis.
12 months	0.60-0.40 dis.	0.75-0.65 dis.

Japan takes steps to stop Eidai chain reaction

BY CHARLES SMITH — TOKYO, Feb. 23.

MEASURES have been taken by the Bank of Japan and the Japanese Finance Ministry to prevent the Y180bn. ($750m.) failure of Eidai Company earlier this week from setting off a chain reaction of small bankruptcies.

This was stated by Mr. Teiichiro Morinaga, Governor of the Bank of Japan, to-day, in an address to foreign journalists at which much of the Tokyo foreign banking community was also present.

In addition to Mr. Morinaga's reassurances, Mr. Michio Matsukawa, Vice-Minister of Finance for International Affairs, also stressed that the situation following Eidai's failure was "fully under control."

Mr. Morinaga said that the Bank of Japan, using information from commercial banks, was keeping close watch on the credit standing of all major Japanese companies.

"On the basis of this, I can assure you that there won't be another bankruptcy such as Eidai," the governor said.

He expressed scepticism about forecasts of a "March crisis" for Japanese corporate solvency, claiming that such crises had consistently failed to materialise when predicted in the past.

However, given the weak state of the Japanese economy, he was unsure about the nation's ability to act as a "locomotive" in leading the rest of the world towards economic recovery.

Neither Mr. Morinaga nor Mr. Matsukawa disputed the fact that a significant number of major Japanese companies are in a state of chronic deficit.

The Bank of Japan, however, had "requested" city banks—*the 13 major Japanese* banks with nationwide branch networks—not to allow major companies to fail "just for financial reasons."

Any more big favours which did occur, therefore, would be of companies judged to have mismanaged their affairs to an extent where they no longer deserved unlimited support from the city banks.

Measures taken after the Eidai failure (on Monday) included a request from the Finance Ministry to financial organisations throughout Japan to extend special assistance to companies which might find themselves in temporary difficulties as a result of the bankruptcy.

Three Goverment-operated small-business financing corporations had been asked to provide assistance for the company's affiliates or other related companies that might need it.

Deficit estimate increases, Page 33

ICI profits fall by 10.5%

BY KEVIN DONE, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries suffered a 10.5 per cent. fall in pre-tax profits last year, in spite of an increase in group sales from £4.1bn. to £4.6bn.

The profits fall, from £540m. to £483m., was in part accounted for by a £29m. exchange loss in 1977 as a result of currency movements. The 1976 profit on the other hand was inflated by an exchange gain of some £58m.

In common with most of the other major chemical producers in Western Europe and the U.S., ICI has been hit by the low rate of economic growth of the industrialised countries and from weak prices and plant overcapacity in major areas of its business. This has been exacerbated by a serious fall in the profitability of U.K. exports.

The fall in pre-tax profits was expected following ICI's disappointing performance in the July-September period last year,

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and there was little stock market reaction. In thin trading the ICI share price, which opened at 340p, had fallen slightly to 336p by the close.

The sales volume, which increased in the first half of the year and fell away in the third quarter, made some recovery in the final part of 1977.

But there must be increasing concern at the way the erosion of profit margins which began in the third quarter, continued for the rest of the year.

Initially this was caused by increasing costs, which were not matched by higher prices. And in the final three months of 1977 the strengthening of the pound hit the profitability of exports from the U.K.

In the year as a whole exports from the U.K. (fob) were 14 per cent. up in value on the previous year at £936m. U.K. sales increased by 16 per cent. to £1.868bn. while sales in overseas markets rose from £2.519bn. in 1976 to £2.795bn.

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Bonn hopes for real wage rise and fall in inflation

BY ADRIAN DICKS

BONN, Feb. 23.

INFLATION in West Germany this year may slow to less than 3 per cent., thanks in part to the revaluation of the Deutschemark, while real wages should rise about 3 per cent., Count Otto Lambsdorff, the Economics Minister, told the Bundestag to-day.

The inflation estimate, which compares with a 3.5 per cent. official estimate only last month, appears to reflect the degree to which German officials consider the economic outlook to have been altered by exchange rate changes—not least in making dollar-priced imports of raw materials cheaper for Germany.

Seeking to point out to West Germans that they ought to consider themselves better off than most people elsewhere, Count Lambsdorff once again used the opportunity of the parliamentary debate on economic policy to put pressure on employers and trade unions to moderate this year's wage deals.

The Minister's appeal coincides with the approaching climax of negotiations in the most important wage round—that affecting the key engineering and metal fabricating industries.

In an interview in the weekly newspaper Die Zeit to-day, the President of the Metal-workers' union IG-Metall, Herr Eugen Loderer, reacted strongly against what he called the interference of Count Lambsdorff in the independent wage-bargaining process, and virtually accused the Minister of bias against the union point of view.

In his speech to the Bundestag, Count Lambsdorff rejected this criticism and said the Government "*cannot and does not want* to release the two sides of industry from their joint responsibility for wages and for employment. Wage autonomy and shared responsibility for the labour market are two sides of the same coin. The State alone cannot, in our society, take on all the burden of ensuring full employment."

WEST GERMAN federal, state and local authority tax revenues should rise by 7.1 per cent. next year to DM333.7bn. (£8.9bn.) from the *DM311.7bn. estimated for 1978*, the Finance Ministry said, Reuter reports from Bonn. Last year, total tax revenues were just below DM300bn.

Adherence to the Government's target of a 5.5 per cent. rise *in the total wage bill*, plus the effects of the tax cuts which came into force on January 1, would give an increase in real wages of over 3 per cent. if (as the Government now hopes) inflation is kept below 3 per cent.

An increase in real wages of this order, he said, was a considerable gain at a time when real wages in many industrial countries were falling.

Nonetheless, the Economics Minister insisted that the Government was not setting a target for individual wage deals.

Count Lambsdorff had little new to say on the international economic outlook, though he did stress West Germany's particular concern at the fall of the French franc, noting that as the buyer of 12.3 per cent. of West German exports, France was twice as important in terms of bilateral trade as the U.S.

The Minister repeated—and secured the endorsement of the Christian Democratic opposition for his view—that there could be no question of further measures to stimulate the economy.

He reiterated that this year's 3.5 per cent. growth target was ambitious, yet feasible. But he also urged that the July summit meeting here of leading economic powers should not concern itself "with unrealistic growth objectives."

Instead, Count Lambsdorff said, the main points for discussion should be the multilateral trade talks and the danger of protectionism, the better co-ordination of monetary policies, and the need to assist weaker deficit nations.

Polish minister answers Pen Club censorship critics

BY CHRISTOPHER BOBINSKI

WARSAW, Feb. 23.

SENIOR POLISH officials here have admitted that censorship restrictions may be excessive and have promised that criticism of present censorship policies will be answered.

The statement by Mr. Janusz Wilhelm, the Vice-Minister of Culture, came in response to a recent protest against censorship sent to Mr. Piotr Jaroszewicz, the Polish Premiere, by the Polish PEN Club and was delivered last week at a meeting of the heads of creative unions including the writers' and the artists' union.

The PEN Club protest which has not been published, is described by informed sources as being "decided and categorical" in tone.

Mr. Wilhelmi told the meeting of a proposal to set up a committee under the auspices of the Culture Ministry which would include both writers and politicians and would act as a kind of appeals' tribunal for censorship grievances.

The issue of censorship came up last year when a set of documents from the Censor's Office was made public in the West and published in Poland by the non-conformist Social Self-Defence Committee KOR. PEN Club officials were not invited to the meeting and would not comment on the form the official response might take.

Leslie Colitt adds from Berlin: What East Europeans think about each other is usually voiced over bottles of beer, vodka or wine but rarely appears in published form. Now however the secrecy imposed by Communist governments has been partially breached by a Polish magazine which has printed the results of sociological survey of what young Poles think of their Socialist neighbours, the East Germans.

The survey was conducted last year by the Polish sociologist Mrs. Barbara Pawlowska, five years after the previously closed borders between East Germany and Poland were *thrown open for* tourist travel without visas by East Germans and Poles.

Mrs. Pawlowska questioned secondary school and technical college students in the town of Zgorzelec, *just across* the Neisse River from the East German city of Goerlitz. The bridge across the Neisse is now one of the most heavily used by East German and Polish tourists.

The current issue of the magazine Polish Perspective says that 300 attributes were associated by the students with the word "German," and from these several dozen were selected as the most typical, "adding up to a very detailed portrait of our western neighbours."

The magazine notes that in the eyes of the young *Poles* the "GDR (German Democratic Republic) German" is "above all, industrious, dutiful, obedient, disciplined, systematic, thrifty, thorough, orderly, and a good house-keeper." It adds that "other traits frequently mention[ed] are noisiness, ambitio[n] loyalty, self-importan[ce] strength of character a[nd] insensibility." German dre[ss] is "uniform, lacking in tas[te] and fashion sense, but nev[er] sloppy." East Germans a[re] also said to lead a "routin[e] humdrum existence."

A second phase of the surv[ey] gave an assessment of t[he] characteristics listed. T[he] Polish students said that wh[at] they valued in Germans w[as] "*their conscientiousne[ss]* sense of justice, self-possessi[on] prudence, intelligence, a[nd] athleticism." On the oth[er] hand, they disliked the E[ast] Germans' "cockiness, earne[st]ness, susceptibility, and bli[nd] obedience of all rules."

Sharp fall in French payments deficit

By David White

PARIS, Feb. 23.

FRANCE'S deficit in the balance of payments current account was cut by half last year, with the improvement being particularly marked towards the end of the year, it was announced to-night.

The 1977 current account shortfall dropped to Frs.15.7bn. (about £1.7bn.) from Frs.29.7bn. in 1976. Two-thirds of this deficit fell in the first half of the year, and in the last quarter, after seasonal adjustments, the figure narrowed to Frs.1.25bn. from Frs.4.1bn. in the same period of 1976.

The current account performance reflects the improvement in the trade deficit, which fell to Frs.13bn. from Frs.22.3bn. in 1976. Here, too, the comparison of the different quarters shows a progressive, if slightly uneven, *improvement, with French trade* Frs.7.3bn. in the red in the first three months but breaking even at the end of the year.

In January, however, France's trade swung back into deficit, showing a shortfall of Frs.1.85bn. after a surplus of Frs.1.6bn. in December.

The surplus on the service accounts last year more than doubled, to Frs.10bn., compared with Frs.4.5bn. in 1976.

Transfers showed an increased deficit of Frs.13.9bn., compared with Frs.10bn. in 1976, an increase attributed mainly to public sector operations. Transfers in the private sector, notably those of foreign workers sending money home to their families, showed a relatively moderate increase.

The biggest improvement was in the area of portfolio operations and direct investment, where the deficit was cut by almost two-thirds from Frs.9bn. to Frs.3.4bn.

EEC coal subsidy plan to curb cheap imports

BY DAVID BUCHAN

BRUSSELS, Feb. 23.

THE EEC Commission has proposed a $12 subsidy on each ton of European steam coal to help bridge the gap between high-cost EEC coal and cheap imports.

The aim of the subsidy plan, announced to-day by Mr. Guido Brunner, the Energy Commissioner, is to stimulate intra-Community trade in coal for power stations. This could be of major benefit to the U.K. National Coal Board—the EEC's largest producer of this kind of coal.

At present only 3m. to 3.5m. tons of steam coal are traded across frontiers inside the Common Market, while steam coal imports run at some 22m. tons a year. This is hardly surprising, given that the world coal price of about $30 per ton is about half the Community average of $65. The average conceals wide cost differences between the four coal-producing members states: the U.K. at $45 a ton, West Germany and France at $75 a ton, and Belgium at nearly $100.

The subsidy plan, which will be presented to Energy Ministers on *March 21, might allow British* coal to compete in Continental markets, but additional national aid would be needed for W. German, French and Belgian coal to do the same.

In any case the subsidy, which would be paid from the EEC budget to an annual maximum of 120m. units of account, would only cover transport costs within the Community.

Mr. Brunner commented to-day that the continuing coalminers' strike in the U.S. underlined the dangers for EEC power stations of relying on imports. However, the same type of fears are *still entertained* about British coal by Continental customers, who remember the 1974 miners' strike and the subsequent temporary embargo placed on U.K. coal imports.

Karamanli[s] may meet Ecevit soo[n]

By Our Foreign Staff

THE GREEK and Turkish Pr[ime] Ministers are expected to [meet] in Switzerland in mid-Ma[rch] according to reports in Turkish newspapers close to [the] Government. The meeting [was] proposed in January by the Turkish Prime Minister, [Mr.] Bulent Ecevit, and has [now] been accepted in principle [by] his Greek counterpart, [Mr.] Constantine Karamanlis.

The two leaders are to dis[cuss] Cyprus and, a question now [con]sidered more vital by bot[h of] them, the two NATO allies' [dis]putes over division of the Ae[gean] seabed and airspace, as we[ll as] *Greece's fortification* of Aegean islands.

Footballers are 'workers' ruling

BY MARGARET VAN HATTEM

BRUSSELS, Feb. 23.

A RULING in the European Court of Justice that professional footballers are workers has ended a prolonged legal controversy in one of Europe's most prominent industries.

According to the EEC Commission, footballers are covered by the provisions for free movement of workers within the Community as set out in the Treaty of Rome. This means that national football associations which seek to limit or prevent the football clubs signing on players from other member States are infringing the Treaty. The Italians are apparently among the worst offenders in this respect.

Representatives of EEC football federations, who met M. Etienne Davignon, the EEC Commissioner for Industry, here to-day, have accepted the Commission's view and agreed to alter their statutes before the start of the 1978-79 season.

An exception has been made for the highest divisions—in Britain the First and Second Divisions in the Football League which may be involved in league championships. This is to "ensure that these competitions are carried out under normal circumstances and not upset too much," M. Davignon said to-day.

These divisions will be allowed a transition period of not more than five years, during which clubs wishing to sign on foreign players will be allowed a minimum quota of two. After this period, national federations will risk action in the Court of Justice if they attempt to block contracts for not more than two foreign players.

"Of course there is no obligation to sign on foreigners," M. Davignon was quick to point out, "and most clubs probably realise that it would be suicide to sign on an entirely foreign team."

In the lower professional echelons, meanwhile, all restrictions are to be lifted before the next season.

Dutch against neutron bomb

THE HAGUE, Feb. [23.]

THE DUTCH Government, [bow]ing to pressure from Parlian[ent,] to-day promised to try to [stop] NATO introducing the ne[utron] bomb.

The Defence Minister, [Mr.] Roelof Kruisinga, told P[arlia]ment that NATO should [raise] the issue of the controve[rsial] weapon at the East-West m[utual] balanced force reduction [talks] with the Warsaw Pact in Vi[enna.]

President Carter has sai[d he] will decide whether to pr[oduce] and deploy the weapon only [after] reaching a consensus with [Euro]pean NATO members.

The Dutch Government [state]ment to-day in the annual d[ebate] on the defence budget foll[owed] a Cabinet meeting held to r[econ]cile differences between th[e] coalition parties, the Chri[stian] Democrats and the Right[-wing] Liberals, political sources [said.]

Dr. Kruisinga's pledge t[o try] to prevent NATO deployin[g the] weapon fell short of total [rejec]tion, but went further tha[n the] Government was expected [to go] in meeting its critics.

Reuter

Government to win, says poll

PARIS, Feb. 23.

THE FRENCH Centre-Right coalition is heading for a narrow victory in the general election next month, even if Socialists and Communists join forces for the decisive second ballot, said a poll published by the pro-Government weekly Paris Match.

The poll, by the French Institute Public, is the first to predict a Government victory—by about 20 seats.

In line with other polls, it put the combined parties of the Left ahead by 50 per cent. on the first ballot on March 12, compared with 46 per cent. for the government parties.

Lisbon economic talks delayed

BY JIMMY BURNS

LISBON, Feb. 23.

NEGOTIATIONS between the government and the opposition parties over the new economic programme and the position to be adopted when Portugal negotiates with the International Monetary Fund next month appear to have been delayed, despite assurances by Prime Minister Mario Soares that they would begin this week.

Sr. Alvaro Cunhal, the secretary-general of the Portuguese Communist Party, left yesterday for East Berlin to hold talks with leaders of the East German United Socialist Party.

Meanwhile, sources close to the Social Democrats (PSD), the main opposition party, confirmed yesterday that though the party was open to dialogue with the Government, it was not prepared to grant it unconditional backing.

According to Sr. Victor Constancio, the Minister of Finance and Planning, however, the government is already in contact with management and unions as a first step towards a possible agreement on a minimum wage.

Sr. Constancio, who was speaking following a brief Cabinet meeting yesterday evening, failed to confirm any firm date for the resumption of talks with the IMF.

● The Portuguese Communist Party has been moved to publicly condemn the support for the independence movements on the Portuguese islands of Madeira and the Azores which was expressed by Col. Moammar Kheddafi, the President of Libya, at the meeting of the Organisation of Africa Unity's (OAU) five-member liberation committee at the week-end.

Opposition and Government have united in declaring that Col. Kheddafi's statements showed that he was "not familiar with the situation on the islands."

● Sr. Mario Soares has said his Government's austerity programme would have vast social effects and would be a great shock for the country, Reuter adds from Bonn. He told the publication Europa, printed in to-day's Die Welt and three other European newspapers, that the Government still counted on cutting its current account deficit this year to $800m. from 1.3bn. last year.

British touris[m] growing fast

PARIS, Feb. [23.]

PORTUGAL AND Britain [had] the fastest growing do[mestic] tourist industries last year [while] West Germans spent fa[r more] abroad than anyone else, fi[gures] out here to-day say.

Estimates from the Org[anisa]tion for Economic Co-oper[ation] and Development showed [a ...] per cent. increase in to[urist] receipts in its 24 member s[tates] to $40.5bn. last year.

Reuter

ICELAND'S AUSTERITY PACKAGE

Frosty reception from the unions

BY JON. H. MAGNUSSON IN REYKJAVIK

THE Icelandic Government is facing a tough, uphill battle with the trade unions after parliament passed its anti-inflation and austerity measures *last week. The austerity pro*gramme comes on top of a 13 per cent. devaluation of the Icelandic krona, also designed to reduce the country's runaway inflation.

Union leaders are claiming that the new measures will hit the lower paid. The unions reluctantly accepted the devaluation on condition that there were no moves to limit wage settlements which have so far outstripped the inflation rate of 35 per cent. in 1977.

But the present right-of-centre government of Mr. Geir Hallgrimsson now seems determined to fight hard to save the weakened and inflation-ridden economy of this small island nation. In the past, his Government has been criticised for being a lame duck, but with only six months of his four-year *term of office to complete, he is* preparing to take a firm stand.

The unions were forced to accept the devaluation because it was urgently needed to help the fishing industry which had been saying for months it was on the brink of bankruptcy. Last year's huge wage settlements, as high as 60 to 80 per cent., had gone beyond the limits warranted by the economic upturn in Iceland up to June last year.

Owners of several fish freezing plants had made official threats to close the plants if the Government did nothing to help the fish industry which is the main foreign currency earner. The Fish Price Board announced a 13 per cent. increase in the price of fish in early January, signalling that devaluation might be around the corner.

Initially, the Government simply allowed the krona to float freely down but this had no effect on the demand for foreign currency. So at the beginning of February, the Central Bank suspended all foreign currency transactions for a week and then devalued the krona.

At the same time the Government announced that it would be putting a bill through the Althing (parliament) to introduce new austerity measures. The trade unions immediately answered that they would accept no measures which would affect last year's wage agreements or the automatic seasonal wage adjustments which are tied to the quarterly rise in the cost-of-living index.

The Icelandic Government's first priority is to bring down the rate of inflation which could have reached 45 per cent. by early autumn. But the unions resent any attempt to limit their wage settlements.

The leaders of the Federation of Labour and the Association of State and Municipal Employees have threatened strikes and other disruptive measures after March 1 unless the Government backs down from its present anti-inflation policy.

The Government has made some conciliatory gestures but the labour leaders say they will fight any legislation which limits the buying power of rank and file union members. One of the principal points of the new legislation is to limit the indexation of salary. From March 1, employees will receive less than half the 11 per cent. rise they are expecting based on the index.

The Government *seems* determined to stick to its unpopular measures until the parliamentary elections in June. Originally it was thought the Government would announce the measures, *resign and call for April elec*tions. But several members of the Government felt it would be unwise to try to form a new government during the city and municipal elections in May.

On the other hand, it was necessary to act fast because economists were predicting that the inflation rate would hit 45 per cent. by early autumn. It is now hoped that the new programme will reduce inflation by 5 per cent. by the end of the year.

Mr. Hallgrimsson's Government can afford to take some unpopular measures. The present coalition between the Independence and the Progressive parties commands a majority of 42 of the 60 seats in the Althing. Observers feel that the coalition could afford to lose three or four seats and still form another coalition government after the June elections.

Mr. Hallgrimsson is leader of the Independence Party which is the biggest single party. The Progressive Party is the farmers' party. The two main opposition parties are the Communist-influenced People's Alliance and the Social Democrats who would be fighting for their survival in any forthcoming elections.

The present Government took office *after a short-lived and ill*-fated Left-wing government collapsed in the middle of 1974, leaving behind an economic mess and record 54 per cent. inflation. The major task of this Government has been the fight against inflation, which has left ugly scars on the Icelandic economy. The national economy turned the corner in 1976 and the rate of inflation was down to 26 per cent. in the first half of last year until the union leadership demanded, and got, more than its share of the cake.

The Federation of Labour managed to negotiate substantial salary rises for its members in the June negotiations. In October, the civil servants got even higher increases after Iceland's first civil servants' strike, which lasted two weeks. The October agreement pulled the rug from under the economic recovery of the country.

GNP for 1977 rose only 4 per cent. while at the same wages increased by 60-80 per cent., creating false buying power and extremely heavy demand for durable household goods. That in turn created an unfavourable trade balance and a heavy run on the limited foreign currency reserves. Private consumption rose by 8 per cent. before the June wage agreements and consumer prices rose by 30 per cent. last year and have continued to rise rapidly this year.

The Government has tried to slow public spending by announcing yet another increase in *bank interest* rates. The Central Bank of Iceland announced over the week-end that new interest rates would take effect on February 21. It increased interest rates on short-term loans by 3 per *cent., from 20.5 to 23.5 per cent.*

Mr. Geir Hallgrimsson

Demand for loans has bee[n ex]tremely heavy during the [last] months, and it is not yet [known] how the new interest rate[s will] affect demand.

Given such statistics, [it is re]markable that the Govern[ment] has managed to keep unem[ploy]ment down to less than [1 per] cent. This record is all the [more] remarkable since the l[abour] force is growing at about [... per] cent. annually.

It is difficult to predict [what] might happen next. It look[s as] if the trade union leadershi[p will] not risk a general strike [but] will instead call for wor[k-to-]rule and short stoppages. [A] paralysing general strike [would] hurt the Left more than [the] Right in the parliame[ntary] elections. At the same [time] the inflation-tired Icelander[s are] not very optimistic abo[ut a] quick economic recovery. [In]stead they fear yet anothe[r de]valuation after the elec[tions] later this year.

EUROPEAN NEWS

Moro prepares his bid to cut Italy's Gordian knot

DOMINICK J. COYLE ROME, Feb. 23.

k-end, Sig. Aldo Moro, of Italy's Christian Party, faces the task of finding a new formula for Italy. w it must simultane- sfy his own Christian , not unsettle the portant backers in the tholic Church, and yet ible to the Communist ich is pressing for lusion in a new par- majority.

Communists' original which brought about nation of Sig. Giulio minority Christian administration last ns for actual Cabinet new government. The since climbed down its leaders implying demand was a tactical , but still insists it ed in a "clear and new majority.

ternative is clearly election, which, for easons, all the major nt to avoid just now. Christian Democrat ers do not want any the Communists either oping against hope for to devise some mira- mula which will win t co-operation for a nment while conced- ng of substance to

Sig. Aldo Moro, five e Minister and to-day puted guru of the Democrat party, it is a It says much for this of Jurisprudence that e party's senators and who meet here in spe- n on Monday, believe hat somehow he can The Communists too ooking to Sig. Moro hope.

rything said by the the various parties in the five weeks since se of the Andreotti t represents, in fact, are demanding, or will finally. Indeed, whis- the so-called corri- wer in Rome suggest Moro and the Com- eader, Sig. Enrico may already have reached some sort of under- standing.

The whispers could even be true, for such understandings in Italy often come from an exchange of signals as it were, and not from direct conversa-

Sig. Aldo Moro.

tions. The party newspapers have a habit of talking with one another at a distance rather than informing directly their own followers.

The crunch has now come because the Moro strategy, supported strongly by Sig. Andreotti and the Party secretary, Sig. Benigno Zaccagnini, of dragging out the negotiations on essentially non-political issues, before tackling head-on the key political question, has just about run its course. The Communist leadership meeting to-day is demanding a clear statement of Christian Democrat intentions, and the Christian Democrat parliamentary party wants to know on Monday what precisely its leaders are planning.

All-party negotiations have been in almost non-stop session for a couple of weeks now, and while few details have filtered out officially, a sizeable measure of agreement has, in fact, been reached on an economic programme. This includes the containing of Italy's public sector deficit this year to around L24,000bn. (£15bn.) and steps—including new taxes and increases in public service tariffs—to hold the deficit at that level, against the L30,000bn. or more it would have been on the basis of unchanged policies.

There are, it is true, still some sticking points on other issues, including improved measures of law and order, avoiding some delicate referenda (such as a move to legalise abortion) and proposals to give the police full trade union rights. The unions, too, have yet to accept Sig. Andreotti's revised economic programme, and are to see the Prime Minister-designate at the week-end.

But the crux of the matter remains the political formula, and it is this which Sig. Moro must now tackle. What, essentially, the Communists want is their signature with that of the other main parties, on a formal confidence motion to be put to Parliament by a new minority Christian Democrat administration under Sig. Andreotti or, for that matter, any other leading Christian Democrat.

This, say the Communists, would concede substantially their demand for a sort of emergency Government to tackle Italy's economic and social difficulties. It would, of course, also give the Communists a document to demonstrate to the world, and of course to Italian electorate in particular, that after 30 years they have come in from the political cold, that the party had *been accepted finally by the* Christian Democrats as having an important and democratic role to play in Italian political life.

In exchange for this, the Communists are even prepared to be associated directly with the kind of austerity measures envisaged by Sig. Andreotti, a process which is not without risk for the party in terms of its own rank-and-file membership. What, of course, the Christian Democrats risk is that it would be difficult for the party ever again to campaign electorally on an outright anti-Communist ticket.

Swiss to vote on economic proposal

By John Wicks

ZURICH, Feb. 23.

SWITZERLAND HOLDS a referendum this week-end in which the electorate will be asked to anchor in the constitution the Government's right to bring about balanced economic development. A new article in the Federal Constitution, supported by almost the whole of Parliament, would enable the central Government to intervene in co-operation with cantonal authorities and business, to counter unemployment and inflation.

The motion is a revised version of a proposal which failed to gain sufficient support at a national referendum in March, 1975. Although 53 per cent. of all personal votes were then in favour of the Constitution article, this failed to gain the necessary majority of cantonal approvals.

The revised proposal foresees measures in the field of money and credit mechanisms, public finances and foreign trade, which would, if necessary, be at variance with the principle of commercial freedom laid down elsewhere in the Constitution. The Central Government would be able to oblige companies to set up so-called work creation reserves, alter federal taxes and take into account varations in the economic development of individual regions.

One demand dropped from the original version of the proposal is that the Federal Government should be able to increase or restrict depreciation possibilities on income tax.

Other referendum issues this weekend are proposals to expand the old age pension scheme and extend the right of the public to decide on motorway projects.

The Swiss franc reached new heights again to-day, with the dollar dropping on one occasion to below Sw.Frs.1.80. The Deutsche Mark also touched a new low at under S.Frs.0.89 as did sterling at less than Sw.Frs.3.50.

FIRMER STATE CONTROL URGED

Concern over Spain's foreign debt

BY ROBERT GRAHAM MADRID, Feb. 23.

TO MAINTAIN confidence in Spain's creditworthiness, the Euromarkets will want to see "tangible evidence" of the success of more realistic economic policies, Mr. Hilary Reddy, deputy head of international banking at Bankers Trust said here to-day.

Speaking on the second and final day of a conference on Business with Spain organised by the FT, Mr. Reddy said that continued market acceptance of Spain was critical if the country was to buy time to correct its chronic trade imbalance.

Although Mr. Reddy believed Spain's Euromarkets position to be fundamentally sound, he expressed some concern at the level of foreign debt. On the bank's own estimates, total Spanish debt rose to around $14bn. in 1977, while debt service reached $3.2bn. This meant a virtual doubling of the debt service ratio, to around 18 per cent. in one year.

For 1978, Mr Reddy said his bank estimated the debt service ratio at some 16 per cent. if no new debt was incurred. These figures did not match with official ones, and Mr. Reddy called on the Spanish Government to improve its statistics on such things as total foreign debt and debt servicing requirements "to remove any of the uncertainties which banks dislike so much."

Although it was difficult to stipulate what was the appropriate debt service ratio for any particular country, Mr. Reddy said that such a sharply rising ratio as Spain's could not be ignored.

He added: "In view of the regularity with which Spanish names have appeared in the market, there is some reason to suspect that more than a few major lenders may be approaching country limits or some other sort of lending ceiling for Spain, particularly in the term category."

Mr. Reddy urged the Spanish authorities to exert stronger control in monitoring and guiding access to the Euromarkets by both the private and public sector borrowers. "An orderly calendar may cause inconvenience to some borrowers, but it is still vital from the lenders' side."

This would help to eliminate the bunching of credits, he said.

Spain had benefited from the ample liquidity in the Euromarkets of late. However, he noted that the softening of terms in relation to Spain would not be quite so pronounced in the future, "mainly because of the volume of borrowing in the last two years and what the market is anticipating this year."

Taking issue with Mr. Reddy about Spain's foreign debt, Sr. Jaime Carvajal, general manager of the Banco Urquijo, said that the rate of accumulation of foreign debt had now changed complexion. From now on growth would be slower.

Sr. Carvajal estimated that the total borrowing requirement in 1978 would be in the order of $3bn., of which $1.5bn. to $2bn. would be maturing loans.

Discussing the impact of foreign banks being allowed to operate in Spain, Sr. Carvajal welcomed the move. He saw it as a necessary corollary to Spanish entry of the EEC, and the need for reciprocity with increased activity by Spanish banks overseas.

The Spanish banks share in Spain's external debt, he said, was between 25 and 30 per cent., with their foreign currency deposits having risen from a mere $200m. in 1968 to $9bn. in 1977.

He accepted increased competition, but said the competition was already there in that foreign representative offices were already highly active and foreign banks account for some 75 per cent. of Spanish external debt.

Spanish banking and monetary policy were dealt with in two speeches by Sr. José Maria Lopez de Letona, Governor of the Bank of Spain, and Sr. Rafael Termes Carrero, president of the Spanish Bankers Association.

Sr. Termes, after explaining the liberalisation of banking practice in the past few years, said there was now a need for closer control by the Bank of Spain and greater inspection.

Sr. Lopez de Letona defended the strongly monetarist approach of the Bank of Spain to the current economic crisis. This monetarist approach was the best proven under the circumstances facing Spain, he said.

However, he insisted that tight monetary policy under inflation-

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ary and recessionary conditions had to be accompanied by wider measures—such as wage control, taxes and use of exchange rates. He also warned that the success of the current economic programme depended upon continued political consensus and further moderation in wage demands and money supply increases.

The conference was also addressed by Sr. Ramon Tamames, a member of the Spanish Communist Party executive and their economic spokesman. He gave one of the most detailed views yet heard of how the Communists envisaged the development of the economy.

Sr. Tamames said the 1977 elections had created an entirely new situation in Spain which would almost certainly lead to Spain becoming the country in Europe, after West Germany, with the greatest degree of regional autonomy. This he regarded as a healthy development since Spain had suffered from overcentralisation.

Other aspects which had to be considered were parliamentary control for the first time of the State apparatus; changes in municipal administration; the appearance of a trades union movement whose role would cease to be concerned solely with wages and would have a more social and educative function; and the rise of an awareness of ecological factors that would influence future planning decisions.

Sr. Tamames said the party did not advocate wholesale nationalisation but sought greater State intervention in specific sectors—nationalisation of steel, energy and shipbuilding.

The Communist Party accepted the presence of multinationals in Spain as inevitable but proposed greater public accountability. He put *major emphasis* on the future role of small- and medium-sized concerns. These accounted for over 70 per cent. of employment, and this he believed was where new employment would be generated and where flexibility of production lay.

Other speakers who addressed the conference to-day were Sr. Jose Ramon Alvarez Rendueles, Secretary of State for Economic Co-ordination and Planning, who discussed some of the strategic aspects of Spanish economic thinking; Mr. Robert Malpas, technical director of ICI, who looked at some of the implications of future Spanish industrial growth; Professor Ramon Trias Fargas, member of Congress for Barcelona, who examined aspects of Spain's regional imbalances; Sr. Miguel Boyer, economist for the Spanish Socialist Party (PSOE), who gave a Socialist assessment of economic trends; and Dr. Walter Siep, Board member of the Westdeutsche Landesbank Girozentrale, who discussed Spanish financial relations with Europe.

Bank manager shot in Rome

ROME, Feb. 23.

extreme-left urban he Red Brigades to- d their fifth victim of hooting a bank mana- shoulder as he drove Rome. Sig. Giorgio 54, was not seriously the attack, which took e street.

llet lodged in his ut Sig. Borghetti was k to a nearby hospital was removed. Only fter the shooting, an caller to a news aimed that the Red were responsible. The re Italy's most feared guerilla group.

ek, the Brigades shot agistrate in Rome in it attempt to intimidate iciary before Red leader Renato Curcio rial on subversion Turin next month.

Sweden alcohol sales fall

BY JOHN WALKER STOCKHOLM, Feb. 23.

THE SALE of alcohol in Sweden has dropped dramatically in the second half of last year, following a series of price increases, the State Wine and Spirit Monopoly reports. For the whole of last year, the Monopoly says, the sale of spirits was down by 33 per cent. to 68m. litres, strong wine down by 8 per cent. to 11m litres, while light table wine showed an increase in sales of 17 per cent. to 68m. litres and strong beer up 82 per cent. to 44m. litres.

The switch in drinking habits from strong to light alcoholic beverages is mainly due to the change in the prices because more duty is charged for stronger drinks. A 75 centilitre bottle of proprietory brand Scotch whisky costs about Skr.75 to Skr.80 (about £9).

The marked change in drinking habits took place during the second half of the year, after the withdrawal in July of strong beer from supermarkets and food stores. The temperance movement blamed easy access to strong beer for the rapidly rising rate of drunkenness in teenagers.

The Government's policy has been to extract as much revenue as possible by taxing alcohol, but the limit seems to have been reached. The business recession also has probably exerted a considerable influence on the drop in sales. Restaurants, which have to pay the same retail price as the ordinary customer at State shops, report that spirit sales in the second half of last year dropped by 24 per cent. compared with the equivalent period in 1976.

Irish post dispute

DUBLIN, Feb. 23.

STRIKING POST Office engineers are to intensify their dispute next week to cover international telephone services and automatic sorting of parcels and letters in Dublin.

The dispute is already causing severe difficulty for business and industry. From next week, communications with Dublin, Shannon and Cork airports, telex services and weather reports will all be severely disrupted.

U.S. envoy holds Cairo talks after Cyprus move

By Roger Matthews

CAIRO, Feb. 23.

MR. ALFRED ATHERTON, the U.S. special envoy to the Middle East, held talks here this evening with Mr. Mohammed Kamel, Egypt's Foreign Minister, in a further effort to find a formula of words that would allow peace negotiations with Israel to resume. The start of talks had been delayed by the furore over the abortive Egyptian commando raid in Cyprus on Sunday and the decision last night to break off relations with the island.

Foreign Ministry officials, already hard pressed by the pace of activity during the past three months, have been instructed to begin explaining the reasons behind the Egyptian decision to ambassadors here. Several senior officials were caught off balance by President Sadat's statement that he no longer recognised Mr. Spyros Kyprianou as President of Cyprus, and it was more than seven hours before they were given the definitive interpretation that this meant the severance of relations.

Mr. Atherton therefore had to wait for a calmer moment, although on the Egyptian side there is little reason to believe that the talks will be productive. Rather there is recognition that only after Israel's Prime Minister, Menahem Begin, has met President Carter next month in Washington will there be any real indication of whether face-to-face negotiations might resume.

After attending the funeral yesterday for the 15 Egyptian commandos who were killed by Cypriot national guardsmen as they tried to storm the airliner in which two gunmen were holding 11 hostages, President Sadat returned to Ismailia and cancelled all appointments. It is stated that he is suffering from a heavy cold, although this does not rule out the possibility of him seeing Mr. Atherton.

Cairo newspapers continued to rail against the "treacherous" Cypriot regime this morning and also gave prominence to reports from Cyprus that members of a special Palestine Liberation Organisation squad had joined the national guardsmen in opening fire on the Egyptian troops.

The semi-official newspaper Al Ahram meanwhile announced that it was starting legal action against the Cyprus Government for failing to provide adequate protection for its Editor-in-Chief, Mr. Youssef Sibai, who was shot dead in Nicosia on Saturday.

David Lennon adds from Jerusalem: Israel is hoping that Mr. Atherton will bring an Egyptian counter proposal on the declaration of principles for a Middle East peace settlement when he returns to Jerusalem to-morrow.

Israeli officials insist that the ball is still in the Egyptian court, as it has not responded to the proposals made by Israel a few weeks ago. The officials say that while there has been no change in the Israeli position, there are indications that Egypt has hardened its stance on the peace negotiations. They attribute this in part to continued Egyptian isolation because of the refusal of King Hussein to join the talks.

Indians to assist Vietnamese

BY K. K. SHARMA

NEW DELHI, Feb. 23.

INDIA to is take a major part in the reconstruction programme in Vietnam. Apart from helping to rebuild railway lines and supplying rolling stock, India will help Vietnam in construction work, establishment of textile and other plants and in improving dairy farming. In addition to the credit of Rs.400m. (£25m.) agreed already, further loans are likely to be approved when the Vietnamese Prime Minister, Mr. Pham Van Dong, arrives here for a week's stay to-morrow.

Mr. Pham's decision to come while Vietnam is involved in military operations on the Cambodia border is an indication of the importance he attaches to economic and political relations with India. He is coming after a recent visit to Vietnam by an Indian delegation headed by the Minister of State for External Affairs, Mr. S. Kundu.

India has offered rolling stock worth Rs.350m. for Vietnam's railways, and about 100 coaches and 50 wagons are to be despatched by the Government Corporation. The sale of 30 diesel locomotives and rails is being discussed.

India is negotiating with the Vietnamese Government for projects for track renewal, construction of bridges, building railway stations and installing signalling equipment worth many millions of dollars. An Indian team has already made a study of Vietnam's railway requirements.

Vietnam has indicated interest in Indian assistance for reconstruction as well as development of a second railway artery between Hanoi and Loacai near the Chinese border. The line was badly damaged during the war.

The Indian Government has already shipped 200 good-breed buffalos to Vietnam and will help in establishing a buffalo research centre there. Vietnam wants another 1,000 buffalos of the high-milk-yielding variety.

Large reserves and taxes to allow more investment

BY OUR OWN CORRESPONDENT

NEW DELHI, Feb. 23.

A "STEEP increase" in investment in all sectors this year, financed by higher taxation of farmers and from soaring foreign exchange reserves, is indicated in a detailed survey of the economy presented by the Indian Government to Parliament to-day.

The increase has become possible, the survey says, because the usual constraints of food and foreign exchange shortages are no longer present. It says higher investment is essential to stimulate a sluggish economy and to improve stagnating industrial production and exports.

The survey expects India's gross national product to rise by about 5 per cent. in the financial year ending March, 1978, compared to the low 1.6 per cent. in the previous year. But this is mainly because food-grain production is expected to rise to 121m. tonnes, as against the 110m. tonnes in the previous year.

Industrial production is a major cause for concern and will not rise by more than 5 per cent., which is less than half the growth rate achieved in the previous year. Thus while the survey notes that there is "sufficient cause for satisfaction in the performance of the economy" in 1977-78, the drop in production of commodities like edible oils, pulses and cotton, the low rate of increase in industrial production, the increased liquidity in the economy, the sluggishness in industrial investment and the accumulation of foreign exchange reserves are "matters for concern."

More than once the survey notes the "paradoxical situation" of a poor country lending abroad —"which is what the growth in foreign exchange reserves really amounts to"—and calls for quick correction of this by using them for internal development.

The survey indicates that the reserves will be used for higher imports of materials and equipment not available in India.

"If imports do not rise very much beyond the current year's level, exports grow at approximately the curernt year's rate, and remittances continue to be at the same level as this year, reserves will increase still further. The situation of a poor country investing abroad instead of at home will look even more paradoxical," the survey says.

Pointing out that exports in 1977 grew by 9 per cent. and that this was a deceleration from the 27 per cent. achieved in 1966, the survey calls for higher exports to improve industrial production and also because "the current balance-of-payments situation seems to be giving rise to the feeling that we can afford to slacken on exports."

The survey notes that food-grain stocks are still high at 17m. tonnes, but cautions against complacency. "The level of poverty and malnutrition prevailing in the country would imply that production should go to much higher levels if all the people are to have a minimum standard of consumption," it says.

Four leaders discuss Chad border dispute

SEBHA, LIBYAN JAMAHIRIYAH, Feb. 23

FOUR North African leaders met in this Libyan desert town to-day to try to end a 12-year-old war in Chad and a border dispute between Chad and the Libyan Jamahiriyah.

The Libyan leader, Muammar Gaddafy, welcoming his guests at the airport, said: "We as neighbours and brothers of Chad want to help it solve its problems. We are going to stop this war and show that Africa is for the Africans."

The Chad President, Felix Malloum, Niger's President, Seyni Kountche, and the Sudanese first vice-president, Abdul el-Gasim Mohamed Ibrahim, are attending at the summit.

Chad has charged that the Libyan Jamahiriyah, its northern neighbour, supports the rebels fighting to overthrow the Chad Government. Tripoli denies it. Reuter

Philippines and Thailand peace call

By Richard Nations

BANGKOK, Feb. 23.

THAILAND and the Philippines to-day called for a prompt end to the Indo-China border war "to contribute to peace and stability in South-East Asia."

The conflict between Cambodia and Vietnam—Thailand's two major Indo-China neighbours—was reportedly the major item in discussions between the Thai Prime Minister, General Kriangsak Chamanand, and the Philippines President, Ferdinand Marcos, during the Thai Premier's three-day visit to Manila which ended to-day.

In a joint communique issued this morning, both countries underscored the need to strengthen their bilateral relations with all three Indo-China Communist States.

The Indo-China conflict is expected by observers here to figure prominently in the remainder of General Kriangsak's ASEAN tour in scheduled talks with the leaders of Malaysia and Singapore. He visited Indonesia last week-end.

N-export rules accepted by Australia

By Kenneth Randall

CANBERRA, Feb. 23.

AUSTRALIA has accepted the export rules on nuclear technology and know-how of the so-called Nuclear Suppliers Group, and has been given observer status with full participatory rights at the first meeting of the "club's" working party in Stockholm this week.

Fifteen nuclear exporter countries now belong to the group of nuclear exporting nations, which has been meeting in London for the past three years. Discussion has concentrated so far on developing common controls on nuclear exports and their use to guard against nuclear weapons proliferation.

Australia is one of three more nations which have asked to join the group, which agreed on Common export guidelines last month, are now being circulated to other members of the International Atomic Energy Agency.

Senghor opens some doors in Senegal

BY MARK WEBSTER, RECENTLY IN SENEGAL

THE NEWS that Senegal was to have its first multi-party elections in 15 years arrived in a tiny village about 80 km. from the capital Dakar by four-wheel drive. In a huge cloud of dust the vehicle pulled up and a handful of leaflets was thrown out of the window to the villagers. Then it drove away again.

Only two of the younger boys in the village spoke French. One of them explained that the leaflets were an invitation to a political meeting for one of the three parties contesting this Sunday's election. No one from the village had gone to the meeting, he said, but some of the villagers would certainly make the trek to the polling booth on election day. Who would they vote for? "Senghor," he said simply.

In spite of political unrest in the early 1960s, President Leopold Senghor has consolidated his position as head of state since he became President of the independent Republic of Senegal in 1960. Yet he has decided to open the doors of his parliament to two official opposition parties, and he has even accepted a challenge to his own position as President.

The legal opposition will contend all 100 seats in the National Assembly. One candidate from each party is allowed to stand for President. Members of the assembly will be allowed to initiate and debate legislation, but the President will still keep his final right of veto.

It is a move of more than local significance for Africa. Even though the President has heavily circumscribed the elections, they are being held in a mood of unparalleled defiance by both the legal and the illegal opposition parties.

The two illegal opposition parties are understandably piqued at being cheated of a chance to contest the elections. They point out that President Senghor has agreed to limited democracy but has arranged everything to make his own party a certain winner. He has fixed the date, decided the number of parties, decreed what branch of political thought the parties shall stand for and, say less charitable members of the opposition, he has decided in advance how many votes each party shall receive.

There is no doubt that President Senghor wishes to see emerging in his country a vocal opposition strong enough to give it international credibility. On the other hand, he has no wish to see the political stability of the country threatened.

Ever the dapper black francophile, he remains well attached to power even though he had planned to retire from political life at 70. Now 71, his resonant, cultured French accent still commands the respect accorded to one of the two "Old Men" of West African politics—the other being President Houphouet-Boigny of the Ivory Coast.

President Senghor has good reason to encourage a change in the political life of the country. Senegal has always been one of the most politically sophisticated of the West African countries, and it has never been officially admitted that it operated a one-party system. The President is enough of an idealist to want to practise what he preaches, but more immediately he wants to shake up his own party, which has suffered from having no real opposition for too long.

In that, the experiment has already proved successful. The vigorous campaigning of the major opposition party, the Parti Democratique Senegalais (PDS), among the peasant farmers forced the Government to change its policy of paying farmers with credit notes instead of cash.

The PDS successfully exploited the farmers' sense of grievance that middle men were buying the credit notes at discount rates because the farmers were desperate for money and the bureaucratic system was slow in paying. The PDS wants even more: it demands the dismantling of the huge bureaucratic machine which handles all trade by the farmers.

Their demands are finding a sympathetic response among the rural community who make up 70 per cent. of the population. The peasants' dissatisfaction is fuelled by the return of the drought which wrecked the agricultural economy when it struck between 1969 and 1974. The groundnut crop for 1977 looks like being 40 per cent. down on the previous year, and emergency relief work is made all the more urgent by the approach of the elections.

With a per capita GNP of $310, Senegal is not a rich country. Price controls have been reasonably successful in keeping inflation down to an official figure of 6 per cent. in 1976 compared with 22 per cent. the year before.

But the economy is heavily dependent on the export of groundnuts and phosphates, and low market prices for these commodities were largely responsible for slowing overall economic growth in 1976 to 4.5 per cent. compared with 8.6 per cent. in 1975.

The continuing efforts to keep inflation in check were reflected in a tight budget for the fiscal year 1977-78 which was planned to rise just over 1 per cent. to CFA154.2bn. (£330m.) with revenue up 3 per cent. to CFA154.1bn. Such a small increase compares with expenditure increases in previous years of as much as 50 per cent.

The leader of the PDS, Mr. Abdoulaye Wade, is standing as the only opposition candidate to the President himself. In doing so, the PDS is stretching its limited resources very thinly. Against the immensely superior campaign machinery of President Senghor the party says it can offer only enthusiasm and hard work. Observers give the PDS between 10 and 30 per cent. of the vote in the legislative election and much less in the presidential poll.

The banned Rassemblement National Democratique (RND) which applied for recognition before the law legalising an opposition came into force in 1976 would have done better. Since then it has fought a long legal battle to become legally recognised but its appeal was turned down on a technicality. "We know there is no justice in Senegal, only the appearance of it," said the RND's leader, Cheikh Anta Diop.

The RND has a long political history dating back to independence and has never soiled its reputation by making compromises with the Government.

President Senghor

However, its support is limited to the towns because it has never had the chance to spread its message further.

Only two other small parties have declared themselves in the elections.

Now that President Senghor has allowed multi-party elections, there is inevitably speculation about what will happen when Senghor steps down—something which may now be fairly close. He has no obvious successor since he has never allowed anyone within the party to challenge his position.

Mr. Ndiaye believes that Senghor wishes to leave his country democracy as his last will and testament. "He doesn't exclude the possibility of being beaten. We have put the question to him and he has said: 'At my age you don't fight once you have lost.' We think if he loses he will step down."

Officially, his Prime Minister, Mr. Abdou Diouf, will be his successor as leader of the PDS but few people believe he could command enough support to keep the party together. It could be, as some experts believe, that President Senghor is indeed preparing his country for full democracy on his death.

U.S. ban on arms to S. Africa extended

By David Bell

WASHINGTON, Feb. 23.

THE U.S. has now issued detailed regulations which significantly extend the existing U.S. embargo on exports of arms and munitions to South Africa.

For the first time, under these new rules, the U.S. has embargoed the export of all commodities—from computers to fuel tanks—that could, directly or indirectly, be used by military or police forces in either South Africa or Namibia (South West Africa). The embargo also applies to such things as servicing U.S.-made machinery now in service with the police or military, but allows a two-month grace period before taking effect.

The Commerce Department, whose Office of Export Administration has issued the new rules, said that they are intended to "further U.S. foreign policy regarding the preservation of human rights." They are also intended to strengthen United Nations resolutions on arms and munitions exports passed in 1963 and 1977.

The latest action is not directly connected with a current investigation inside the Administration of U.S. and South African commercial regulations. Earlier this year a Senate Committee called for drastic reductions in officially-sponsored trade links with the Pretoria government until it alters its apartheid policy.

Under the commerce regulations U.S. exporters, who have been banned from selling arms and munitions to South Africa since 1963, may now not export technical data about arms production or munitions development. Companies are also barred from exporting any item that could be used by the South African police or military. Companies which ship items that end up with South African enforcement agencies will be in breach of the regulations.

In addition to these new rules, the Department has also codified for the first time its definition of equipment used to make munitions. Arms and munitions are actually the responsibility of the State Department, but some of the equipment for making them comes under the control of the Commerce Department and until now has not been systematically defined.

The key paragraph in the new regulations lays down that "an embargo is established on the export and re-export of all U.S.-origin commodities and technical data (except data generally made available to the public) to or for use by military or police entities in the Republic of South Africa and Namibia." This includes the export and re-export of commodities and data to service equipment owned, controlled, or used, by or for such entities, the regulations state.

"Also recipients in these destinations of U.S.-origin technical data may not sell or otherwise make available, directly or indirectly, the direct product of the data to military or police entities."

U.S. to spend $4.14bn. in military aid

The Carter Administration has announced plans to spend $4.14bn. in military assistance to 40 countries, Reuter reports from Washington. Officials said that the figure represented a cut in real terms of 13 per cent. on last year's total, in line with President Carter's declared policy of reducing arms sales abroad. The military assistance budget for the fiscal year beginning next October 1 was presented yesterday to Congress, where moves have also been made recently to cut military aid.

B1 bomber dropped

Congress has ended the B-1 strategic bomber programme, handing President Carter a significant victory, Reuter reports from Washington. The House of Representatives voted 234 to 182 to agree with the Senate in refusing to release $462m. for the fifth and sixth test models of the aircraft. The House vote came as a surprise since, on two occasions last December, Representatives refused to cut funding for two more planes.

Canada 'bugging'

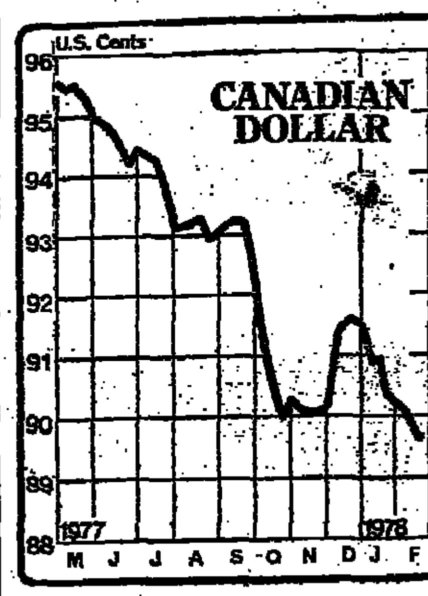
The Royal Canadian Mounted Police (RCMP) instructed a U.S. agent to eavesdrop on Canada's chief law enforcement officer, according to a sworn statement released in Ottawa, Reuter reports. Mr. Warren Hart, of North Carolina, said that he was a former agent of the Federal Bureau of Investigation (FBI) who had worked for the RCMP between 1971 and 1975. He said he had been ordered to tape-record Canada's then Solicitor-General, Mr. Warren Allmand.

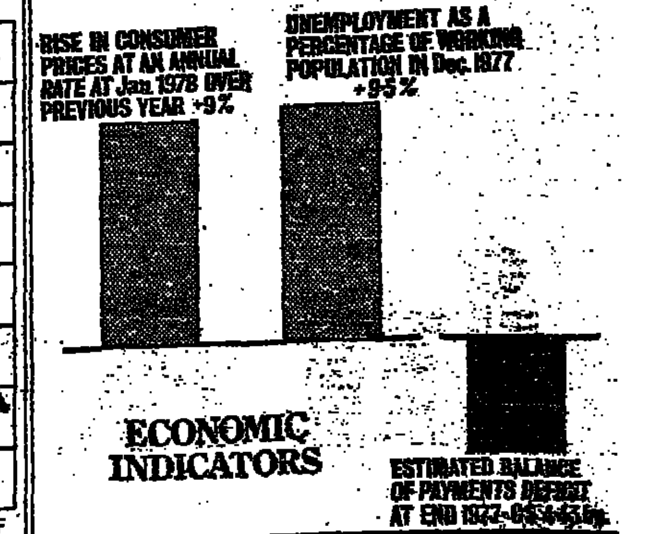
New York finance

Saying that state pension funds could survive a New York city bankruptcy, the New York state Comptroller, Mr. Arthur Levitt, laid down stringent conditions for lending state pension money to the city, AP-DJ reports from Washington. In testimony to a House of Representatives sub-Committee, he firmly rejected a Senate Banking Committee plan which calls for state pension funds to lend money to New York city without a federal guarantee.

U.S. COMPANY NEWS

Pepsico ahead; Allis-Chalmers record; IBM sues Xerox on patents—page 32.





THE CANADIAN ECONOMY

Reluctant borrowers

BY JAMES SCOTT IN TORONTO

THE DECISION by the Canadian Government to borrow abroad for the first time since 1968, in order to defend the exchange value of the dollar, is seen by most economists as a stop-gap move to stave-off what would have been political suicide just a few weeks before it is expected to call a general election.

The alternative to foreign borrowing was increasing interest rates and imposing a severe austerity programme to reduce domestic consumption, trim imports and discourage foreign travel through exchange controls. The Government had to stem the pressure that has sent the dollar to its lowest level since the early 1930s.

But austerity moves in an election year are not acceptable to a government in power. Rising unemployment and the inflation rate have refused to respond to its stringent income and price controls (scheduled to be phased out this year). No government could increase interest rates now which would inevitably lead to still higher rates of unemployment and inflation.

The imminent release of some important economic statistics probably played a role in the Government's decision to reinforce the financial defences for the dollar. Figures that will reflect the drain on foreign currency reserves in February, caused by the Bank of Canada's recent aggressive intervention in the exchange markets, are to be released next week. Close observers of the recent trading pattern believe that many hundreds of millions of dollars were used.

At the time the decision was made, the Government was almost certainly aware of the record fourth-quarter deficit of C$340m. on tourism payments that was announced on Wednesday. This brought the tourism deficit for the full year to a record $1.66bn. compared with $1.19bn. in 1976. The gap between domestic tourist earnings and foreign spending by Canadian tourists is a large contributor to Canada's overall balance of payments deficit.

When all the data are in for the first two months of this year, it will probably be evident why the Government has decided to make use of the standby credit of $1.5bn. arranged last October with Canada's five largest banks. When the standby credit arrangement was announced last year, the Government expressed the hope that it would deter speculation against the dollar. That has not occurred.

During the past year, the international value of the dollar has declined precipitously against major world currencies. The drop of about 16 per cent. reflected increasing unease on the part of foreign investors about Canada's ability to cope with the problems of inflation, unemployment and balance of payment deficits.

Within the corporate sector, a parallel unease and lack of confidence has also been in evidence, resulting in a lacklustre investment performance since the end of 1975. Unfortunately the investment spending intentions for 1978 do not indicate any reversal of such sentiments.

In its latest capital investment intentions survey, the Department of Trade, Industry and Commerce seems to imply that foreign-owned companies are more pessimistic about Canada's future than Canadian-owned companies. Foreign-owned companies in the survey plan to decrease their capital spending in Canada this year by 2 ... cent., compared with an increase of 26 per cent. in 1977. Canadian-owned companies expect ... increase their spending by 11 ... cent. this year, a mo... deceleration from the 15 ... cent. increase in 1977.

While such policies may ... rational in current circ... stances, such a widespread ... of activities outside of Canad... extremely damaging to ... economy.

Since corporate investm... drift is occurring away from ... industrial heartland, the Fed... Government must focus ... efforts on the large companie... order to stem the trade lo... from such shifts, other... Canada's export growth poten... will be severely damaged ... any defence of the dollar ... be that much more difficult.

The question is whethe... hoped-for turnaround in busi... confidence and the prospec... improvement in labour c... compared with the United St... will succeed in restoring for... confidence in the Cana... dollar and prevent a fur... series of devaluations.

In the short-term, the an... is probably yes, especially ... the Bank of Canada and ... Federal Government prepare ... keep the Canadian dollar at ... U.S. 90 cents level. But o... data seem to point to the s... tural nature of the balanc... payments problem, indica... that the dollar could decline ... stantially below 90 cents u... circumstances alter significa... in the future.

According to some project... Canada's net international ... debtedness will have incre... from $26.2bn. at the end of ... to about $58.4bn. by the en... 1978. The bulk of the incr... during the past ten years ... occurred since 1974.

The current account defic... interest and dividend has ... in recent years from $900m ... 1968 to $2.5bn. in 1976. ... deficit on current account n... projected to level off at a... $3.6bn. this year.

As a result, large future ... rowings will be necessary ju... cover the service payment... past borrowings.

THE CANADIAN Government has estimated its total spending for the fiscal year ending March 31, 1979, at $C48.8bn., an increase of 9.8 per cent. from the $44.45bn. for the current fiscal year, 1977-78, Victor Mackie writes from Ottawa.

The Government will announce later its estimate of Government revenue for fiscal 1978-79 in the budget which Finance Minister Jean Chretien expects to bring down at the end of March or early in April. The increase in estimated spending has come when the Government said it was "exercising restraint."

Treasury Board President Robert Andras told the Commons when he tabled the estimates that the Government expects a wider deficit in fiscal 1979 mainly because it will be paying off $2bn. in accrued interest on Canada savings bonds.

Local bargaining may provide way out of coal strike deadloc...

BY STEWART FLEMING

NEW YORK, Feb. ...

WITH A CRITICAL stage reached in the U.S. coal strike, following a decision by the coal companies last night to reject a government-sponsored settlement, senior administration officials were meeting at the White House this morning to decide what should be their next step.

Although the Carter administration has warned of drastic action in the event of a breakdown in collective bargaining—which has now manifestly occurred—there is speculation that what is being planned is a shift to local district bargaining.

This would be achieved by the declaration of an impasse in the industry-wide talks which would then, under U.S. labour law, allow individual companies and local union representatives to settle the strike piecemeal. While an attractive option for the Carter administration, it could also lead to what some coal industry sources described as a chaotic situation in the coal fields. Moreover, the impact of local bargaining on future labour relations in the industry is predictable.

This morning, as the strike entered its 80th day, President Carter was to meet the leaders of both parties in Congress at noon to discuss the administration's next step. Also this morning, the Labour Secretary, Mr. Ray Marshall, met the administration's Coal Emergency Group, which includes the Energy Secretary, Mr. James Schlesinger, and Mr. Robert Strauss, the Special Trade Representative.

The White House was unable to say whether the President would be announcing his decision on government action on the strike later to-day.

A barrier to a settlement has been a fear of the employers that the bargaining council of the United Mine Workers' union might reject further concessions. Mr. Marshall overcame this problem by getting the council to vote in advance on what would be an acceptable settlement. The union council said that it would accept a settlement based on the agreement reached earlier in the week with Pittsburg and Midway coal, a subsidiary of Gulf Oil, and not a member of the employers' association.

There is growing concern about the impact of power supply problems on the mid-west. This morning, Senator Henry Jackson drew attention to the fact that U.S. oil consumption has increased by 250,000 barrels a day because utilities have been burning oil instead of coal to generate power.

If the Administration does intervene more drastically, which is not likely, it seems to have reduced its options to two — invocation of the Taft Hartley Act, which imposes an 80-day cooling-off period during which the strikers return to work while negotiations continue, or Government seizure of the mines, which requires legislation. The em... ployers are thought to favou... former, the union the la... option.

The intransigent stance b... employers against adopting ... Pittsburgh and Midway s... ment will win them few fri... in Washington. Although ... favourable to the union than ... formal last offer by the ... ployers' association, it con... clauses designed to allow ... companies greater discipli... powers over unofficial stri... and to deal with absenteeism...

Canal ratification closer

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Feb. ...

THE CHANCES of the Panama Canal treaties being ratified looked brighter this morning, following a procedural vote last night which suggested that the necessary two-thirds majority does exist in the Senate.

The vote was on a technicality —over which of the two treaties should be considered first by the Senate—and resulted in a 67 to 30 defeat for the opponents of ratification. It was significant that 97 of the 100 Senators voted on a procedural matter and the division of the votes is believed to reflect very closely Senate opinion at present.

The vote also may be interpreted as evidence of the fact that Tuesday's secret session on the Senate, about charges ... President Torrijos of Pa... was implicated in internat... drug trafficking, cut very ... ice. It is clear that no re... tions were made and that ... if any, Senatorial minds ... changed as a result.

Meanwhile, Sr. Moises T... jos, brother of the Panama... leader and currently his c... try's Ambassador to S... denied in an interview t... that he had ever been inv... in the drugs trade and said ... the revival of six-yea... charges against him was "... tical" and inspired by the "... reactionary part of the U... States Senate" which ... opposed to the new ... treaties.

Chile murder link denie...

BY ROBERT LINDLEY

BUENOS AIRES, Feb. ...

THE CHIEFS of the public relations departments of all three armed forces in Chile have denied the existence of two "Chilean officers," identified by name by a federal court in Washington, as having been involved in the assassination in September, 1976, in Washington, of the former Chilean Foreign Minister, Sr. Orlando Letelier.

The three armed forces spokesmen said that the men accused by the court, Juan Williams Rose and Alejandro Romeral Jara, do not belong to, nor have ever belonged to, the Chilean military. The U.S. court has petitioned the Chilean Supreme Court to order th... terrogation of the two men ... a U.S. official present.

Sr. Letelier was killed ... a female American associat... a remote-controlled bomb ... had been placed in the c... which they were riding.

He was a Socialist and Fo... Minister during the Left... regime of President Sal... Allende, which the military ... threw in 1973.

The Washington court pe... said that at least one of ... named "officers"—who, it ... entered the U.S. with false ... ports of a third country, ... one of the persons believed ... responsible for the assassin...

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New York State also permits multi-state companies to allocate sales receipts on a destination basis. Which means only receipts from sales within New York are allocated for tax purposes.

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But tax incentives aren't the only way New York helps businesses. We'll help train new employees. A company could have half the salary of new employees in a training program paid by the State.

And you will find New York's labor force to be an extremely stable, productive one. Of the 10 leading industrial states New York ranks third in productivity per worker.

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	New York	New Jersey	Connecticut	Pennsylvania	South Carolina	Georgia	Virginia
Corporate Income Tax Exemption	√		√				
Excise Tax Exemption	√						
Tax Exemptions on Land or Capital Improvement	√	√			√		√
Tax Exemption on Equipment or Machinery	√	√	√	√	√		√
Inventory Tax Exemption on Goods in Transit	√	√	√	√	√	√	
Tax Exemption on Manufacturer's Inventories	√	√		√	√	√	
Sales/Use Tax Exemption on New Equipment	√	√	√	√	√	√	√
Tax Exemption on Raw Materials Used in Manufacturing	√		√	√	√	√	√
Tax Exemption to Encourage Research and Development	√			√	√		
Accelerated Depreciation of Industrial Equipment		√				√	√
TOTAL	9	6	5	6	7	5	5

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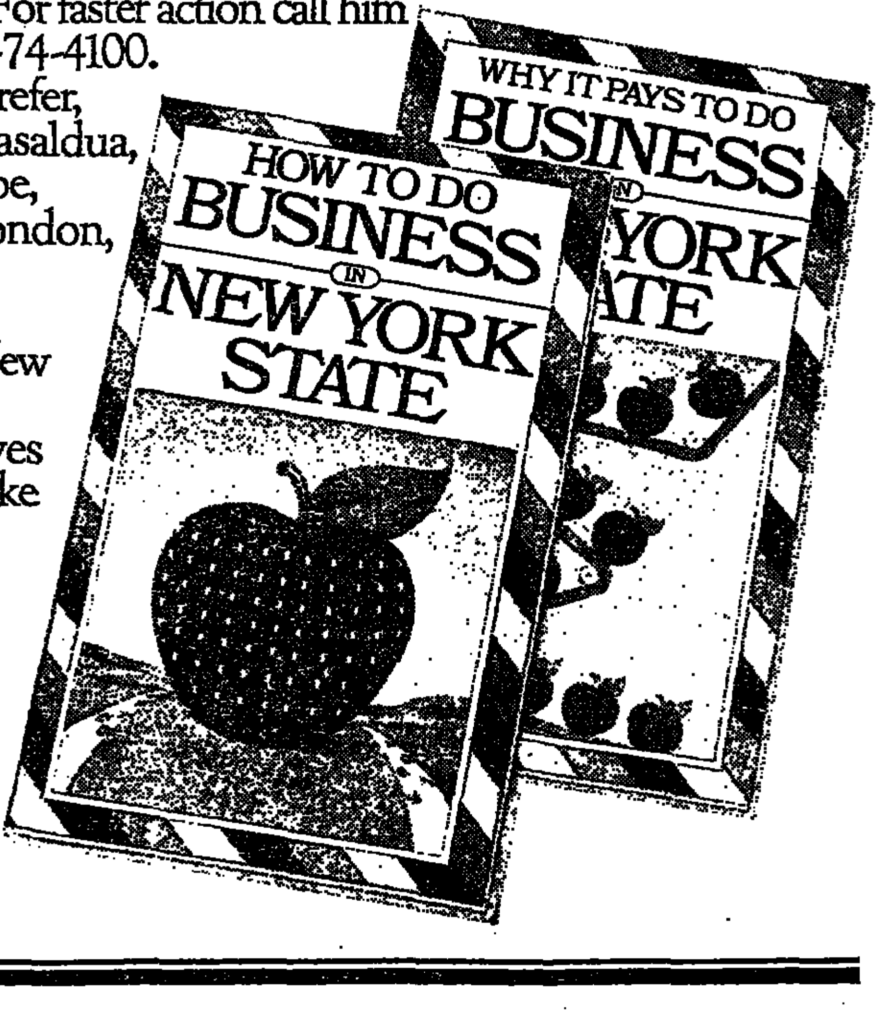

NEW YORK STATE

WORLD TRADE NEWS

Dell plans visit to Bulgaria

MR. EDMUND DELL, Secretary of State for Trade, is to visit Bulgaria next week for discussions intended to expand U.K.-Bulgarian business.

He will be in Sofia from March 3-4. A trade mission with 23 members from the London Chamber of Commerce and Industry will be there from February 27-March 4.

Two-way trade is low. Although U.K. exports to Eastern Europe have risen over the past three years, exports to Bulgaria have only gone up from £23m. in 1976 to £24.9m. in 1977. One of the main problems is the very low level of Bulgarian exports to the U.K. totalled £11.2m. in 1976 and £11.8m. in 1977.

The trade mission plans to advise the Bulgarians how best to market in the U.K. and diversify their exports at a one-day seminar. The mission led by Mr. Leopold Friedman, chairman of the chamber's Bulgarian sector, will represent companies in engineering, construction, chemicals, marine equipment, mechanical handling equipment, mining, foodstuffs and banking.

The Bulgarians emphasise that they are interested in long-term co-operation agreements with Western companies and in setting up joint ventures in Bulgaria or third markets. It has such an agreement with GEC in Libya.

In discussions with Mr. Dell, the Bulgarians are expected to raise the difficulties they are encountering as a result of steel and textile import curbs.

Growth of Chilean exports is relying less on copper

BY ROBERT LINDLEY

SANTIAGO, Feb. 23.

COPPER — which traditionally accounts for between 70 per cent. and 83 per cent. of Chile's exports — last year accounted for barely 57 per cent. of the country's export total of $2.2bn., it was learned to-day.

This was partly the result of the current slump in the price of copper on the world market, where it now stands at about 55 U.S. cents a pound because of over-supply problems. But it is also the result of Chile's increasingly diversified exports and expanding number of international markets. In 1973 Chile exported 413 products to 48 countries. In 1977 a total of 1,090 products were sold to 93 markets. Chile's leading markets to-day are Brazil, the U.S. and West Germany.

Between 1973 and 1977 Chile's non-copper exports increased in value from $250m. to $950m. — 43 per cent. of the total exports. In three years Chile has more than doubled its industrial and agricultural exports, according to Jorge Cauas, now Chile's Ambassador to the U.S. but until a year ago the Treasury Minister and, as such, the chief architect of the new trend in Chilean exports. "The potential for further growth is still largely untapped." Copper, along with saltpetre, molybdenum, cellulose, and fishmeal are Chile's traditional exports.

The increase in the non-traditional exports between 1973 and 1977 is little less than dramatic. From $70m. to $610m. Chief among the non-traditional exports are fresh fruit, onions and garlic, wool, seaweed, wine, fresh fish and frozen seafood.

Andres Concha Rodriguez, executive secretary of ProChile (Institution for the Promotion of Chilean Exports), told the Financial Times to-day that "in five more years," Chile's non-copper exports will be more than 50 per cent. of the total. Dr. Concha Rodriguez contends that even if there had been no slump in the world market price of copper, Chile's non-copper exports last year would have made up no more than 65 per cent. of the total.

ProChile is an autonomous state institution established by decree-law in 1974. The programming of its activities and its general policy is handled by officials in the regime's economic team and representatives of the private exporters.

It is complementary to the exporters themselves, some of whom have offices abroad. Last year, ProChile opened six offices in foreign cities.

French car makers set a new export sales record

THE FRENCH car sector set a new record foreign trade surplus in 1977, with exports outstripping imports by Frs. 20.799bn., a 31.6 per cent. improvement on the Frs.15.808bn. trade surplus of a year before, the car manufacturers' association reported to-day.

Exports, which rose by 22 per cent. last year to Frs.42.229bn., were also at record level, while imports increased by only 13.5 per cent. to Frs21.430bn.

The industry body observed that French car exports had accounted for 13.6 per cent. of French exports as a whole for last year, up from 12.9 per cent. in 1976.

It said that in the seven years until the end of 1977, the value in constant terms of exports, imports and the trade surplus had doubled, representing an average annual growth rate of about 10 per cent., compared with a rate of less than 5 per cent. for France's gross domestic product.

AP-DJ

U.S. probes dumping of chemical

WASHINGTON, Feb. 23.

THE TREASURY is investigating whether Italian and Dutch producers are selling chemical products in the U.S. at less than fair value. Gulf Oil Chemicals has petitioned.

Compensating duties may be demanded if the Treasury finds dumping is taking place and is harming a U.S. industry.

The investigation involves cumene, a chemical used in phenol and acetone, which are used in adhesives.

The Treasury said cumene imports in the first 10 months of last year amounted to $16.2m. from Italy and $25.4m. from the Netherlands.

Reuter

● The Treasury is also beginning anti-dumping investigations on imports of bicycle tyres and tubes from Taiwan and Korea.

A petition has been filed by Carlisle Tire and Rubber, the sole remaining U.S. producer, which says the products were sold in the U.S. at prices below those in the home market.

Last year, imports of bicycle tyres and tubes from the two countries totalled about $25m.

Canada offered jets

Panavia, the Anglo-German-Italian aircraft group, has submitted a bid to supply Canada with 150 Tornado fighters, Reuter reports from Munich. The contract would be worth about $2.3bn.

Ethylene over-capacity may worsen in Europe

BY KEVIN DONE, CHEMICALS CORRESPONDENT

EUROPE'S PETROCHEMICAL producers are building new plants faster than demand is growing for their products. Manufacturers are suffering from depressed trading, serious overcapacity and often prices that cannot justify reinvestment.

But according to the latest inquiry by CEFIC, the European Council of Chemical Manufacturers' Federations, overcapacity in Western Europe for important base petrochemicals such as ethylene is likely to have worsened by 1981.

Over the past nine months the predicted growth rate for the chemical industry in Western Europe has been falling rapidly but the most dramatic change has come in petrochemicals, recently the main area of expansion.

Most significantly, the growth for consumption of ethylene, the most important petrochemical building block, used in plastics, detergents and solvents, has been virtually halved.

From 1977 to 1981 CEFIC expects EEC consumption of ethylene to grow by only 3.9 per cent. a year, compared with an estimate of 8 per cent. a year 12 months ago. For Western Europe as a whole growth is likely to be 4.2 per cent. a year.

Over the current five-year period West European producers outside the EEC are expected to increase their capacity faster than EEC producers. That may be expected to stimulate consumption of ethylene for derivatives in the non-EEC countries of West Europe, CEFIC says. But it will also result in some loss of market share by EEC producers.

For the first three quarters of 1977, ethylene plants were only working at four fifths of capacity.

But stagnating trade in the past quarter pulled plant working down to about three quarters of capacity. For the future, CEFIC says the petrochemical industry will face permanent overcapacity.

While ethylene consumption grows between 1977-81 at some 4.2 per cent. per annum in Western Europe, capacity will be growing at about 5.3 per cent.

The industry has little flexibility for manoeuvre. The key investment decisions and, in most cases, the construction contracts for plant to be operative by 198[illegible] are completed. The financial penalties for significant postponements would be very high, says CEFIC. Capacity reduction could only come through substantial early scrapping.

The survey shows that there will be a particular pressure o[illegible] new ethylene capacity coming on to the market over the next tw[illegible] years. One of the main projects for completion soon is the joint ICI/BP Chemicals plant being built at Wilton on Teesside.

Of the other major lower olefins, propylene consumption is expected to grow at some 6.3 per cent. a year from 1977 to 198[illegible] and butadiene demand could rise by 3.6 per cent. a year.

ETHYLENE ESTIMATES FOR 1977-81

EFFECTIVE CAPACITY (1,000 tonnes)	1977	1978	1979	1980	198[illegible]
Benelux	2.630	2.960	3.140	3.215	3.17[illegible]
W. Germany	3.905	4.035	4.350	4.400	4.51[illegible]
France	2.465	2.685	2.685	2.685	2.68[illegible]
Italy	1.990	1.990	2.460	2.550	2.55[illegible]
U.K.	1.515	1.695	1.815	1.990	2.03[illegible]
EEC	12.505	13.360	14.450	14.840	14.94[illegible]
Spain	480	645	1.070	1.070	1.07[illegible]
Austria	105	105	105	105	10[illegible]
Scandinavia	620	805	805	825	84[illegible]
Western Europe	13.710	14.915	16.430	16.840	16.96[illegible]
CONSUMPTION					
EEC	9.300	9.750	10.200	10.450	11.15[illegible]
Western Europe	10.370	10.900	11.450	12.000	12.60[illegible]

Source: CEF[illegible]

Mitsubishi-Chrysler talks

TOKYO, Feb. 23.

MITSUBISHI MOTOR of Japan confirmed that it has sounded out Chrysler on using the U.S. company's facilities to produce vehicles in America.

Mitsubishi wants to start production in the U.S. when its sales exceed 20,000 a month. This year's target is 12,500 a month compared with 8,750 a month last year, a spokesman said.

Mitsubishi refused to give more details of the plan, which would make it the first Japanese company to manufacture cars in the U.S.

Chrysler, which has a 15 per cent. stake in the Japanese company, had not yet responded to the approach. Last month, Mitsubishi announced plans to increase overall exports this year by 4[illegible] per cent. to 360,000 vehicles.

● Hitachi, the Japanese tele[illegible]vision manufacturers, expects i[illegible] projected joint venture wi[illegible] General Electric of the U.S. [illegible] start in April. GE agreed la[illegible] December to join Hitachi [illegible] make colour and black an[illegible] white TV sets at GE's Port[illegible]mouth, Virginia plant in a $38[illegible] 50-50 joint venture.

Approval from the U.S. an[illegible] Japanese Governments [illegible] expected shortly so the new com[illegible]pany, General Television [illegible] America, can start in April. Plans call for the initial produc[illegible]tion of not less than 1m. sets [illegible] year.

Reuter and AP-DJ

China steel plant details

TOKYO, Feb. 23.

NIPPON STEEL is to help China to build an iron and steel plant in Shanghai with an annual capacity of 6m. tonnes of crude steel. The company declined to disclose the value of the deal but said it would also supply other iron and steel manufacturing plants and give China technological assistance under the long-term trade agreement signed in Peking this month.

Under the agreement Japan will export industrial plants a[illegible] technology worth between $7b[illegible] and $8bn. and constructi[illegible] materials worth $2bn. or $3bn.

China is also seeking Japane[illegible] co-operation to modernise and [illegible]pand steel facilities at Ansha[illegible] Penchi and Shihchingshan.

● Kuraray of Japan has receiv[illegible] an inquiry from China for [illegible] Y10bn. synthetic leather ma[illegible]facturing plant. Negotiations s[illegible] in Peking next month.

Reuter

Protectionism 'suicidal'

BRUSSELS, Feb. 23.

RETREAT INTO protectionism would be suicidal for the EEC or British economies that depend on their ability to import, Viscount Davignon, the EEC Industry Commissioner, said here to-day.

In a speech to the British Chamber of Commerce for Belgium and Luxembourg, Viscount Davignon said great changes facing Europe in international competition, energy prices and relations with developing countries provoke a natural defensi[illegible] reaction from employe[illegible] workers and politicians.

He said that in addition to t[illegible] immediate damage that a p[illegible]tective trade war would bri[illegible] to Community exports, the p[illegible]chological damage of permitti[illegible] a defensive reaction would sti[illegible] the spirit needed to revital[illegible] industry and would ensure [illegible] long period of decline [illegible] Europe.

Reuter

New Polish trade policy

BY GUY HAWTIN

FRANKFURT, Feb. 23.

POLAND has developed a new approach to building up its trade, particularly its exports, to the Federal Republic of Germany. It is putting particular emphasis on developing contacts with small and medium-sized business concerns.

A protocol, signed by Herr Helmut Schmidt, the Federal Chancellor, and the Polish Government, outlined this intention some time ago, but the problem has been establishing actual contacts between the German companies and their Polish opposite numbers.

To-day it was announced that the Polish Chamber of Foreign Trade, in conjunction with the Commerzbank, is organising a seminar aimed at pointing o[illegible] the advantages of smaller W[illegible] German companies doing bu[illegible]ness with Poland.

Behind the new effort [illegible] Poland's heavy deficit in tra[illegible] with the Federal Republic. La[illegible] year it stood at DM.99[illegible] (£210m.). Admittedly 197[illegible] surplus was cut considerab[illegible] compared with the previo[illegible] year's figure. Polish exports [illegible] the Federal Republic went [illegible] by 8.9 per cent., while impo[illegible] were down 10.3 per cent.

● Poland's net debt to the W[illegible] on last year's estimates is abo[illegible] $12bn., up from about $10bn. [illegible] the end of 1976.

Reuter

Wool textile exports up

BRITAIN'S wool textile industry increased the value of its exports by 30 per cent. last year but was beginning to find conditions in overseas markets much tougher towards the end of the year.

The total for the year, according to figures from the Bradford-based National Wool Textile Export Corporation, amounted to £389.4m. compared with the 1976 export figure of £300m.

Big increases were recorded in exports to the U.S., and to the Middle East, where Kuwait and Saudi Arabia were both major purchasers.

The industry fell just short, however, of reaching the export target of £400m. which it had set for itself at the start of the year, and for this the rise in sterling, particularly against the Italian lira, is blamed.

Yarn exports at £77.5m. were up by 38 per cent. over 1976, a 6 per cent. rise in volume. Raw wool exports were up 14 per cent. in value at £47.5m. but were down 10 per cent. in volume and earnings from tops (comb[illegible] wool) were up 13 per cent. [illegible] value at £57.1m. but down 12 [illegible] cent. in volume.

Wool cloth exports at £161.3[illegible] were up 44 per cent. on 19[illegible] in value and 15 per cent. [illegible] volume. Exports of all produ[illegible] to the EEC totalled £109m., [illegible] rise of 34 per cent., while sa[illegible] to the rest of the world rose [illegible] 35 per cent. to £176.8m.

The industry has now gi[illegible] a broad general welcome to [illegible] results of the recently conclu[illegible] Multi-Fibre Arrangement ne[illegible]tiations which will set [illegible] pattern for trade between [illegible] EEC and low-cost suppliers [illegible] the next five years, but it [illegible] warned that much will depe[illegible] on the way in which the qu[illegible] system is monitored both by [illegible]

● Kenya yesterday banned [illegible]ports of textile goods, which [illegible] produces, and of second-ha[illegible] clothing. The Government s[illegible] some countries had been du[illegible]ing cut-price textiles.

Reuter

...ll in engineering ...ports last ...tumn is confirmed

NNETH GOODING, INDUSTRIAL CORRESPONDENT

...IER CONFIRMATION ...ort performance was ... to falter at the end ...ear comes to-day with ...nt of Industry statistics ...ering sales and orders.

...how that new engineer- ...rt orders fell by 5.5 ... between August and ...r.

...epartment suggests that ...es reflect in part the ...low growth of world ... for engineering

...of price competitiveness ...of the rise in the value ...ng was a contributory

...partment holds out the ...y that the November ...ight prove "erratically ...t at best there has been ...vement in the industry's ...w orders position, or ...eliveries, in the August- ...r period.

...sult of the drop, in the ...r new order intake, ...rder books were ½ per cent. down at the end of the period. They have been virtually unchanged since May last year, about 23 per cent. below the peak reached in 1974.

Some large individual engineering contracts were signed in the second part of last year. But these have not been enough to offset the generally depressed situation.

The statistics present a rather stark picture of an industry bumping along at the bottom of the trough in demand since the middle of 1976, and so far there is little evidence of significant recovery.

In the August - November period there was no improvement in home new orders, although they did not slip back. "The receipt of new (home) business seems at best steady at a rather low level," the Department says in Trade and Industry magazine to-day.

In total the engineering industry's order books remained flat at about 38 per cent. below the 1974 peak.

...exibility urged ...r technicians

...CHAEL DIXON, EDUCATION CORRESPONDENT

...SITY engineering ...should enable students ...short of the higher ... requirements of pro- ...level engineering to ... alternative route to ...it technician level, the ...y Vice-Chancellors' Com- ...ild the Finniston Inquiry ...ineering yesterday.

...should also be provision ...e initially recruited by ...s as technicians to continue their studies later and qualify as engineers.

"We believe it to be vitally important that the professional institutions, collectively through the Council of Engineering Institutions or individually, should define clearly the roles and educational needs of graduate engineers and technologists for different functions at the professional level," the Vice-Chancellor said.

...ower return' on ...w oil fields

...Y DAFTER, ENERGY CORRESPONDENT

...LDS due to come on ... the next few years are ... be less profitable than ...ready in production, ... to a new North Sea

... produced by stock- ...Wood, Mackenzie show ...rate of return for nine ...t to be developed, will ...ses be considerably less ...t of the big fields now ...

...ort comes after recent ...y Lord Kearton, chair- ...ritish National Oil Cor- ...that unless a significant ...il prices occurred, the ...a bonanza might be ... best fields had already ...d, he said.

...okers have analysed the ...s of nine fields where ...ment decision is likely ...aken in the next 18 ... to two years: Alwyn, Brae, North Cormorant, Hutton, North West ...agnus and Maureen.

... Petroleum's Magnus ... instance, is expected to ... rate of return of only ... cent., assuming a $14 ...oil price.

...r cent. rise in oil price ...ost the return to 20.6 ... while a 10 per cent. ...inflation would increase ...n to 27 per cent.

...on's Brae Field and ...lwyn Field—neither of ...s yet been confirmed as ...mercial prospect—are ... to provide a return of ...n 21 per cent., assuming ... barrel oil price.

... returns contrast sharply ...se for the most profit- ...rth Sea fields: the Occi- ...roup's Piper Field (54.2 ...t.) and British Petroleum's Forties Field (42.5 per cent.).

Of the nine fields subject to development plans the most profitable is considered to be Mesa Petroleum's inshore Beatrice Field. As the field is close to land in comparatively shallow water the development costs are not expected to exceed $460m.

On this basis, and with a $14 a barrel oil price, the rate of return should be 31.6 per cent. Given a 10 per cent. rise in oil prices the return would increase to almost 50 per cent.

● The Esso/Marathon offshore group said yesterday that it would drill two wells this year in the Irish sector of the Celtic Sea, close to the Kinsale Head gas field.

Esso said that the wells would be drilled south of Cork following an extensive geological and geophysical study carried out last year.

The first well will be drilled in block 48/22 by Discoverer 534, one of the largest and most sophisticated drill ships in the world. The operation will begin in March. The second well will be drilled later in the year in block 48/24.

● British Gas Corporation's latest appraisal well on its Morecambe gas field in the Irish Sea is believed to be capable of producing at the rate of 40m. cubic feet a day.

The well has helped to confirm Morecambe as a significant discovery although British Gas is still reserving judgment about the commercial potential.

The first of two further appraisal wells is being sunk on what is believed to be the northerly flank of the structure.

...ord U.K. to expand ...r parts service

...ERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

... U.K. parts and service ...tion is planning a strong ...sh this year to keep pace ... company's expected ex- ... of car sales and to re- ...more foreign car parts ...nent business through its ... all-makes Motorcraft

...move will include new ...s, such as batteries and ...ors; increasing the num- ... workshop technicians in ...ealerships, and bringing ...sed Motorcraft shops into ...alerships and High Street

...s new effort comes after ...d in which it has made a ...ned effort to hit back ... the attack of independent ...uppliers in the replace- ...ector.

...g the late 1960s, all large ...nufacturing groups lost ... in this market and suf- ...urther from the growth of ...urself repairs, which took ...uch of the servicing busi- ...om the garage network. ...David Carter, head of the organisation, said yester- ...at these trends had been ...d. The erosion of the com- ...business to outside organisations had been stopped and Ford was increasing its turnover.

The plan to expand Motorcraft with new centres in dealerships and shops will be introduced progressively throughout this year. The aim is to have 400 dealers in the scheme by December.

The company and its dealers are also considering expansion of its Sure Fit scheme, which aims to offer similar services to the fast-fit exhaust and shock absorber centres, and has been operated on a pilot scheme basis so far.

On the service side, the company believes that the free diagnostic offers made by its dealers in special campaigns during the last 12 months have helped to bring customers back into the garages and raise turnover.

Airport claim

THE COUNTRY'S third international airport should be set up at Corby, Northants, to create jobs to help solve unemployment, the town's action committee said yesterday.

TV boost for career choice of engineer

By Kenneth Gooding

AN ATTEMPT is to be made to see if television advertising would encourage a larger proportion of Britain's brighter young people to chose a career in engineering.

A test campaign will begin in the London area at the end of *next month with a 30-second* commercial which attempts to explain the importance of the engineering industry in the U.K. economy and that the industry needs recruits with imagination, skill and a sense of responsibility.

The campaign is aimed at young people still at school, careers advisers, teachers and parents. Reactions will be monitored by a panel of industrialists, educationists and parents.

It will be paid for by the *Engineering Careers Information* Service, which is sponsored by the Engineering Employers Federation, the Confederation of Shipbuilding and Engineering Unions and the Engineering Industry Training Board.

The promblem has also prompted a £200,000 television advertising campaign by the Manpwore Services Commission for its TOPS courses.

These commercials aim to fill 500 engineering vacancies at Skillcentres in target areas of London ,the Midlands and the South East where shortages predominate.

Big bakers seeking 1p-a-loaf increase

BY DAVID CHURCHILL

A RISE in the price of bread by at least 1p a loaf is expected to be sought shortly by the big bakers.

The Price Commission to-day will be notified by one of the largest manufacturers, Ranks Hovis McDougall, that it seeks a £15-a-tonne increase in the price of bulk flour.

Similar increases are likely from the other big manufacturers and will almost certainly be followed by a bread price rise being sought.

The effect of the flour price rise, if allowed by the Price Commission, will be at least 1p on the price of a standard loaf. But the bakers are expected to seek a much larger increase because of other cost increases.

Ranks is urgently considering when and by how much an increase will be necessary.

The price of a standard loaf was increased in November by 2p, some manufacturers seeking a larger increase.

It was stated at the time that the poor European wheat harvest last year forced up prices, as did the need to import more than usual of the more expensive North American wheat.

The extra cost of imported wheat is due to the need to pay the full European Economic Community levy from the beginning of this year.

The rise sought by Ranks will raise the price of a tonne of flour from £175 to £190. The Price Commission has four weeks to decide whether to investigate the rise before it is due to take effect.

The need for a price rise so soon after the last one has been forced on the manufacturers by the sharp rise in costs in recent months, not only for wheat, and by the supermarket price war.

● The main tea-blenders are to meet Mr. Roy Hattersley, the Prices Secretary, to-day to explain why they think the substantial cut in tea prices recommended by the Price Commission would be unfair.

Mr. Hattersley is expected to reaffirm his belief to the blenders that the price cuts must be introduced, and to be ready to back his belief with statutory measures, if necessary.

Unions retain 'say' on prices

FINANCIAL TIMES REPORTER

THE PRICE COMMISSION will continue to seek the help of trade unions when investigating price increases sought by companies, Mr. Charles Williams, Commission chairman, said yesterday.

Mr. Williams, who was speaking at a Confederation of British Industry seminar on price controls, promised that employers would always be consulted when union help was sought.

His re-affirmation of policy followed the recent decision by the Association of Scientific, Technical and Managerial Staffs not to co-operate in Price Commission investigations.

The Price Commission has not so far sought information from trade unions, but in most investigations it notifies the union officials involved that it may need help.

The conference, attended by about 200 CBI members, was arranged after complaints at the Confederation council's December meeting about the way that the Price Commission operated. Some industrialists said it was like a "star chamber."

After hearing Mr. Williams yesterday, the CBI said that it welcomed his assurance that companies would always be informed before unions were approached.

Nuclear safeguard scheme will be released to-day

BY DAVID FISHLOCK, SCIENCE EDITOR

A WARNING that the biggest nuclear risk to the world would be to continue to produce plutonium and do nothing with it, will be sounded to-day by Dr. Walter Marshall, deputy chairman of the U.K. Atomic Energy Authority.

Giving the Graham Young Memorial lecture at Glasgow University, he will disclose first details of a new Anglo-U.S. proposal for safeguarding society against nuclear blackmail by criminals or terrorists.

The proposal challenges the U.S. Government's policy on proliferation of nuclear technology, and political hesitancy in the U.K. over the future of the controversial fast breeder reactor.

Dr. Marshall's argument rests on a novel perception of the fast reactor, as a secure "incinerator" of plutonium, rather than as a prolific breeder of fresh plutonium. The Foreign Office rather than the Department of Energy has taken the initiative in supporting the proposal.

The scheme, which Dr. Marshall has worked out with Dr. Chauncey Starr, president of the Electric Power Research Institute—"think tank" of the U.S. electricity supply industry—will be formally presented by the British Government to the International Nuclear Fuel Cycle Evaluation.

The organisation was launched by President Carter last autumn as a multi-national re-appraisal of all nuclear technology, in search for one that might be intrinsically more resistant to nuclear proliferation.

Dr. Marshall states his belief that the availability of plutonium is not the most serious nuclear proliferation problem the world faces and its discussion should not be allowed to obscure "more weighty and difficult questions which need attention."

The basis of the technology proposed by Dr. Marshall is a way of reprocessing spent nuclear fuel and refashioning it into fuel elements for fast reactors, in which the materials remain lethally radioactive.

Its radio-activity would be kept at levels high enough to ensure that it was highly probably that anyone who attempted to steal it would kill himself inside an bour.

The process—named Civex—would have to be carried out in a fully automated plant, behind thick radiation screens, but would be intrinsically resistant to any attempt to modify the process and produce weapons-grade plutonium.

A lengthy development and proving period for Civex is envisaged by Dr. Marshall, who meanwhile recommends the construction of a few large conventional reprocessing plants

Feature, Page 18

Villiers 'neglectful' during steel crisis

BY ROY HODSON

SIR CHARLES VILLIERS, chairman of the British Steel Corporation, was yesterday accused by an all-party committee of MPs of "neglecting the Corporation's own interests" during last year's crisis over finances. The MPs say of Sir Charles: "If he wised to make early policy changes to ensure that forecast losses did not materialise it was essential to warn the Secretary of State (Mr. Varley) at the earliest possible stage and to secure his backing for such changes."

The committee makes two other main charges: That there was a grave lack of communication and confidence between Ministers and the chairman of a nationalised industry which should not be tolerated; and there was a failure by Ministers to press for proper information.

Terry Kirk

RUSSELL KERR . . . *committee chairman.*

The fifth report of the Select Committee on Nationalised Industries follows two earlier reports into British Steel's affairs published *on January 11. The com*mittee ordered Mr. Varley and Sir Charles to appear before it to give further evidence of the discussions between British Steel and the Government last year over the crisis.

The committee states in the latest report that the further evidence obtained "fully justifies the steps to which they had to resort to obtain it."

This is a reference to the committee's issuing an Order forcing British Steel to give further information.

The committee says it does not find "wholly convincing" a statement by British Steel after the Order was issued claiming that the informtion being sought on financial forecasts "had not been previously requested."

It goes on: "The evidence taken from the Corporation on January 30 sets out very clearly the occasions on which information was sought and not provided."

The report continues: "Your committee are content to leave *it to the judgment of the House* to decide, in the light of all the evidence, whether the failure to supply information was a deliberate attempt to conceal the situation or a genuine misunderstanding of what was wanted. In either event, the failure to give this information was undoubtedly an error or judgment by the Corporation.

The report deals mainly with the period July-September last year

It says that during the period of 18-22 July two public statements on the future prospects for the steel industry were made. On Tuesday 19 the Chairman of the British Steel Corporation gave a Press conference following publication of the report and accounts of the Corporation for 1976-77: in his statement he forecast that the loss for 1977-78 *would be "substantially greater* than last year and might even be comparable with the losses of 1975-76." He added that, in the event of an explosion of wages or energy costs, then the losses would be higher still.

In evidence on January 30 he said that this had not in fact occurred. Three days later the Minister of State for Industry moved the Iron and Steel (Bor-

Need to judge *whether the* public would be misled

rowing Powers) Order in the House: in his speech he referred to the Chairman's statement in these words: "As the Chairman in his public statement this week has not sought to put a gloss on the current very serious situation, I do not think that he is indulging in over-optimism." In the light of the information now available, it is "the task of the committee and the House to judge whether these statements were likely to mislead Parliament and the public."

On July 14 the managing director (Finance and Supplies) had told the Chairman that rather than the annual operating plan forecast of £350 million there was now an indicated loss for 1977-78 of "getting on for £450 million." This was confirmed by the Chief Executive.

The Chairman gave the MPs three main reasons for justifying his public statement on July 19 in the light of the information available to him at the time. He claimed that the forecast given to him on July 14 was, if not "crude" as he had claimed in a number of statements to the Press, at any rate unestablished. *He also* claimed that the Corporation used forecasts to show not what would eventually happen, but what might happen if existing policies continued: it was the intention of the Corporation at that point to change the policies. Finally he mentioned that "once you have announced a loss your management colleagues are apt to regard this as inevitable and not something you have to fight against all the time."

Referring to the Minister of State's Commons speech on July 22, the committee says that a judgment on the extent to which this statement was misleading depends largely on the information in the Minister's possession at the time.

Taken at face value, the evi*dence given both by* Ministers and by the Corporation suggests that neither the Secretary of State nor the Minister of State knew of the forecast of £443m. put forward on July 14 and confirmed by the Chief Executive on July 22, the very day of the *debate.*

On that assumption the Minister of State was basing his statement on the forecast of a maximum loss of £350m. which was the basis of the annual operating plan submitted in confidence to his department on May 27, and on the *assurances* given by the Chairman of the Corporation on July 18.

Nevertheless, he was speaking to a House which, on the basis of the Press statement of July 19, was expecting a loss of between £95m and £255m., in the private knowledge that, on unchanged policies, the loss would be of the order of £250-£350m.

He did not in the debate make any suggestions as to how the Corporation were going, on a short term basis, to deal with this loss, says the committee.

There is also a very marked contrast between his optimistic statement in the debate that "the upturn that is taking place will assist the Corporation" and the more pessimistic statement made to him in private by the Chairman of the Corporation four days previously that "I am bound *to say I do not* yet see a significant upturn in demand or price."

The report has strong words for senior members of the Government.

It says: "Senior Ministers of the Crown four days before a major debate in which the House *of Commons was being asked to*

Ministers were content to rely on forecasts *two months* old

approve an increase in the borrowing powers of the Corporation of £1,000m. from £3,000m. to £4,000m. did not see fit to press the Corporation as to what their expected loss was on the latest possible figures.

Instead they were content to work on forecasts submitted two months before, even though experience over the previous 12 months had shown that such forecasts were liable to become *rapidly out of date and it was* known that figures based on the quarter ending June 30 were about to become available."

The MPs give a countdown of the varying figures produced during the period—from an expected profit of £346m. (forecast in May 1976), to a £20m. loss (November), break even (February '77), £350m. loss (May), £466m. (July).

The report comments: "This financial decline was associated with a corresponding decline in sales prospects. It is clear therefore that the Corporation were not misleading themselves as to situation. It is *equally clear that* Your Committee were misled. It also seems that, at the crucial time of July, 197, the Secretary of State was not fully informed."

Three principal causes for the delay in taking action during the critical July-September period are spotlighted by the committee:

- The apparent lack of communication between the Corporation and the Department of Industry;
- The apparent lack of sensi*tivity as to the depth of the crisis;*
- The political pressures.

On the last point, the MPs say: "The Secretry of State referred more than once in his evidence as he had done in the House on January 16 to the political consequences of taking drastic measures. Your Committee believe that the delay in taking action was at least to some extent the result of political decisions including a commitment to maintain plants previously scheduled for rundown and for closure.

"The Secretary of State has of course a right to take such decisions. Your Committee have never sought to disguise the difficulty of the measures that need to be taken. Indeed much of their first and second reports was given to recommending *means of reducing that difficulty* whilst achieving necessary improvements for the industry.

The cost meanwhile, social as well as financial, has been enormous. In the view of Your Committee, it may well be that if earlier action had been taken—and, on the figures available then to the Corporation, such action was clearly essential—these costs would have been significantly less."

Europe loans to steel total £700m.

LOANS totalling nearly £70[illegible] have been made to the pu[illegible] and private sectors of British steel industry by European Economic Commu[illegible] and the European Steel and C[illegible] Community since Britain beca[illegible] a member in 1973, writes [illegible] Hodson.

The figures were provided Mr. Leslie Huckfield, Un[illegible] Secretary of State at the Dep[illegible]ment of Industry, in answer Parliamentary questions published in Trade and Indus[illegible]

They also show that E[illegible] sources have provided Bri[illegible] Steel with more than £8.5m. regional aid and more than £[illegible] *in grants.*

Details are as follows:—

Loans under article 54 of Treaty of Paris

Plant	Amo (£
1974	
BSC Scunthorpe	17.
BSC Scunthorpe	7.
BSC Templeborough	1.
Woodhead Components (Sheffield)	0.
Manchester Steel	2.
1975	
BSC Tinsley Park	25.
BSC Port Talbot	35.
BSC (Chemicals) (Orgreave)	4.
BSC Normanby Park	7.
BSC Clydesdale	6.
Templeborough Rolling Mills (Rotherham)	0.
Spartan Steel Alloys (Nwcstle. upon Tyne)	0.
1976	
BSC Shepcote Lane (Sheffield)	30.
BSC Hunterston	25.
BSC Port Talbot	7.
GKN Cardiff	20.
BSC Redcar/Sth. Teesside	150.
BSC Quebec (Fire Lake)	38.
BSC Sheffield	5.
BSC Teesside	4.
BSC Hunterston	10.
1977	
BSC Scunthorpe	4.
BSC Ravenscraig	7.
BSC Port Talbot	5.
North Sea Iron Company (Jarrow)	28.
BSC Appleby Frodingham	4.
BOC Redcar/ Sth. Teesside	5.
Total	454.

Loans under article 56 of *Treaty of Paris*

Plant	Amo (£
1974	
BSC Ravenscraig	15.
1975	
BSC Ebbw Vale	15.
1976	
BSC Tafarnaubach	1.
Vald Rirn (Blyth)	1.
Natural Gas Tubes (Ebbw Vale)	0.
Natural Gas Tubes (Ebbw Vale)	1.
Natural Gas Tubes (Tafarnaubach)	1.
Total	36.

Grants under article 46 of the Treaty of Paris £50[illegible]

Grants under article 55 of the Treaty of Paris £77.[illegible]

Loans from the European Investment Bank

Plant	Amo (£
1973	
BSC Teesside	14.
BSC Llanwern	14.
1974	
BSC Port Talbot	8.
BSC Thrybergh Rotherham	12.
1975	
BSC Dalzell	[illegible]
BSC Consett	[illegible]
BSC Shotton	1[illegible]
1976	
BSC Port Talbot	12.
BSC Distington	2.
BSC Hartlepool/Clydeside/Airdrie	17.
1977	
BSC Redcar	8.
BSC Ravenscraig	14.
BSC Craigneuk	[illegible]
BSC Distington / Fullwood	7.
BSC Ravenscraig	52.
BSC Templeton (Consett)	3.
BSC Pt. Clarence (Teesside)	6.
Total	205.

Contribution from European regional development fund

Plant	Amo (£
1976	
BSC Distington	0.
BSC Redcar	5.
BSC Dalzell	0.
BSC Tafarnaubach	0.
1977	
BSC Lackenby	1.
Total	8.

British Gas wins big share of fuel market growth

BY RAY DAFTER, ENERGY CORRESPONDENT

A LION'S share of growing fuel sales is being won by British Gas Corporation, according to latest Energy Department statistics.

Gas consumption rose by 6 per cent. last year, accounting for almost half of the total increase in primary energy consumption.

More than 15.3bn. therms were sent out during the year, 900m. therms more than in 1976 and the fastest rate of growth *since 1974.*

Most of the growth was between April and September and the rate of increase fell away sharply in the last quarter, considerably warmer than that of the previous year.

Total energy consumption, measured on a primary fuel input basis, was 332.4m. tons of coal equivalent (mtce) in 1977, some 7.7 mtce higher than in the previous year.

Coal consumption—adjusted for net foreign trade and stock changes, rose by 1m. tons to 121m. tons, the highest level since the 1973 energy crisis.

Deep-mined coal production last year was 2.8 per cent. lower than in the previous year, but half the decline of more than 3m. tons was offset by a rise in opencast output.

Consumption of coal in coke ovens fell by 9.4 per cent. to 17.3m. tons, the lowest level since the Second World War. This was due to the low level of activity in the steel industry.

Electricity supplies during the year were nearly 3 per cent. *up on 1976; about half the* additional electricity was provided by nuclear stations, where output rose by 11 per cent.

With North Sea fields producing 37.5m. tons of oil, imports of crude oil fell sharply. Net arrivals of overseas crude oil totalled 54m. tons, 32m. tons less than in 1976.

The value of crude oil imports during the fourth quarter was £898m., £340m. less than in the comparable three months of 1976. On the other hand, the value of *oil exports* for the whole of last year rose by 68 per cent. to £1.58bn.

Electricity Board sells obsolete station

Financial Times Reporter

AN OBSOLETE power station in Northampton was sold yesterday by the Central Electricity Generating Board. This is the first of several planned sales of old coal-burning plants in Midlands town centres.

The station, which first generated electricity in 1919, was sold along with ten acres of land and cooling towers for about £300,000 to Farthingstone Farms, grain merchatns of Northampton.

Mr. Rex Miller, Farthingstone *chairman, said railway facilities* and the size of the building made it attractive for storage.

Other plants at Wolverhampton and Burton-on-Trent may be sold shortly, while a third statinc at Lincoln may come on the market later this year. Offers have also been received for a site at Worcester, where the plant is being demolished.

The Board wants to get the best price possible for its old plant. It said yesterday that it had a *duty to take care of its assets* and to sell them advantageously, when no longer needed.

Industry aid offer to 76 companies

BY JAMES McDONALD

THE DEPARTMENT of Industry offered sectoral assistance of £5,000 or more to 76 companies, which received first payments between October 1 and December 31 last year.

Among companies assisted under the ferrous foundry industry scheme under Section 8 of the Industry Act 1972 are: Crane (£1.33m. committed) and Lake and Elliot *Founders and* Engineers (£216,757) in the Eastern region; the British Steel Corporation — Craigneuk (£1.23m.), the National Steel Foundry (1914) (£129,000), and James Dickie and Co. (Drop Forgings) (£126,720) in Scotland.

In the Yorkshire and Humberside region, Hepworth and Grandage will receive £263,000 and in the East and West Midlands, Rice Shell Mould £94,100.

Under the machine tool industry scheme, Dean Smith will receive £211,200 in the Yorkshire and Humberside region, Bronx Engineering in the West Midlands £78,575, and Browne and Sharpe in the South West region, £100,000.

In London and the South East, E. F. Cole and Sons receives £104,842.

The clothing industry scheme includes aid of £34,149 to F. Ellis and Co. in the North West, £91,929 to Helenware and £27,423 to Courtaulds Knitwear in the East Midlands, and £35,607 to A. Grantham in Yorkshire and Humberside.

Inega Manufacturing receives £47,544 covering more than one area and Peter England, in Northern Ireland, £35,077.

Under the paper and board *industry scheme, Bowater-Scott* and C. Townsend Hook in London and the South East receive respectively £82,752 and £411,750, and in the North West, Burnley Paper Works, £102,224 and Ribble Paper Mills, £170,750. TPT—Yorkshire and Humberside —receives £88,102.

Print machinery

Assistance to the printing machinery industry includes £64,473 to Fry's Metals.

Trade and Industry figures also published to-day show that first payments were made during the fourth quarter of last year to 19 companies under the accelerated projects scheme, aimed at promoting counter-cyclical investment and modernisation which would not otherwise have taken place because of the adverse economic climate.

The largest amount of assistance committed is £2.1m. to International Nickel in Wales, followed by £1.3m. to Josiah Wedgwood and Sons in the West *Midlands,* and £1m. each to GEC Machines and Lansing Bagnall—covering more than one area.

In the North West, £500,000 is committed to Cadbury, £625,000 to Triplex Safety Glass in the West Midlands, and £739,000 to British Cellophane in the South West.

Under the regional selective assistance scheme, figures are published listing offers of £10,000 or more against which first payments were made during the final quarter of last year.

The total amount of assistance committed was £13,975,209, and the amount paid in regional selective assistance during the quarter was £9.023m.

On a regional basis, the totals committed were: Scotland, £4,802,348; Wales, £631,560; Yorkshire and Humberside, £1,1624,113; North West, £1,883,544; Northern, £4,642,956; South West £241008; and East Midlands £149,680.

Fair trade office to answer scrap claim

By Lynton McLain, Industrial Staff

THE OFFICE of Fair Trading is preparing a reply to a claim by Mr. Alick Buchanan-Smith, Tory MP for North Angus and Mearns, that the British Steel Corporation's scrap buying policy discriminates against small suppliers.

Mr. Buchanan-Smith raised the issue in the Commons, where Mr. John Fraser, Minister for Prices and Consumer Protection, told MPs that the office of fair trading was already aware of it. But yesterday the office refused to say what other complaints have been received.

Concern about the scrap buying policy arose in 1974, when a change from an open buying policy to one involving 15 direct suppliers was introduced without consultation.

The British Scrap Federation, representing merchants handling 95 per cent. of Britain's scrap, subsequently demanded that British Steel *deal* with *as many* suppliers as possible.

The corporation refused, explaining that some smaller scrap contractors had renaged on contracts forcing British Steel to pay a premium of between £4 and £5 per tonne for scrap supplied exclusively to the corporation by 15 chosen direct suppliers

Gradual rise in gold price will continue, says dealer

BY MICHAEL BLANDEN

A CONTINUED gradual rise in the price of gold is expected this year by Samuel Montagu, the merchant bank bullion dealers.

The bank says in its annual review of the bullion market, that political or currency upheavals or unexpectedly large central bank activity could accelerate the price increase.

Central bank operations could be a major influence on the market. The agreement not to increase gold reserves had lapsed and the amendments to the articles of the International Monetary Fund were expected to be ratified in the next few months.

This would free central bank operations in the gold market and a large number of central banks would revalue their gold stocks at market-related prices. The effect of such moves would be largely psychological, as "heavy outright purchases by official institutions in the large surplus countries are not antici*pated.*"

There could be more transactions involving central banks, but few were expected to go through the market. In fact, rather more selling for balance of payments reasons might be *foreseen.*

It was not possible, however, entirely to exclude the possibility *of some sizeable central bank* purchases or sales in the market, and these could create "wild fluctuations in the price."

"It is still our hope that some central banks will co-operate in order to avoid gyrations in the market price."

Looking at the past year, Montagu records that the increase in the level of activity in the market and the rise in the price resulted to a large extent from the weakness of the dollar.

The average gold price for *last year of $147.71* represented an increase of about 18 per cent. compared with the previous year.

Because of the fall in the dollar, the price of gold against *some of the strongest currencies* showed a rise of less than 10 per cent. In terms of the pound, however, it was about 22 per cent. up at an average price of £84.56 in spite of the appreciation of sterling in the second half of the year.

This year, apart from official influences, a demand for the manufacture of jewellery, and for hoarding was expected to continue and could be supplemented by a rise in exports to the Indian sub-continent.

On the supply side, little change was expected in gold production and sales by the USSR were expected to remain at a level similar to last year.

New pensions system alert

COMPANIES have been warned *by Standard Life Assurance,* one of the largest pension companies, to prepare for the changes needed in the administration of their pension schemes arising from the Social Security Act 1975, which comes into force in April.

Companies which have contracted-out of the new State scheme must ensure that their *administrative* procedures cater for the new requirements and cover all eventualities from the time an employee joins the scheme until the time he retires, dies or leaves the company.

The company has designed a series of standard *forms which* will enable employers to deal with the administration with a minimum of difficulty.

These include calculation of guaranteed minimum pensions and of contribution equivalent premiums and assistance in completing forms required by the Department of Health and Social Security on a member's death, withdrawal or retirement.

The aim is to ensure that benefits are paid promptly and not delayed because of administrative complexities.

HOME NEWS

…Road Services …aises trading …rofit by 19%

…IAN HARGREAVES, TRANSPORT CORRESPONDENT

…haulage and transport …s group owned by the …al Freight Corporations … Road Services …ed its trading profit by 19 …t. last year to £6.8m. Its …plus was a record £2.2m.

…over rose from £98m. to …: and for the first time, …than half the group's …was generated by …es outside the conven… spot general haulage …s.

…diversification into lower …as, such as contract hire, …ental and vehicle rescue, …e key to British Road …s improved financial …ance, said Mr. David … group managing director. …net profit figure is reached …deducting British Road …s share of the interest on …ent corporation's capital …s well as pensions and …arges within the group's …siness. National Freight …m. net last year, but had …g surplus of £13.5m.

…White said that the level …ilability, although com… favourably with that of … large U.K. transport …rs, was still "obviously …h enough to provide for …nent of capital equip… …d vehicles."

…uld have needed £11m. …profit to cover all capital …nent costs last year.

…ers' rates were unable to …ce with inflation because … competition within the …. Rates had been kept …ily low when some … costs were rising at 35 …t. a year.

…h Road Services' general haulage business—still one of the largest in Europe, with a fleet of 2,900 trucks—reduced its volume of business by about 5 per cent. last year.

But this was more than offset in revenue terms by the growth from scratch last year of the group's Truck Rescue scheme, which now had a turnover of over £1m., while the truck rental operation had virtually doubled. Truck Rental had a fleet of about 1,000 vehicles, including specialist refrigerated trucks.

Another specialist business would almost certainly be launched by British Road Services this year, continuing the substantial diversification each year since 1976.

Although the group's product mix had changed radically—five years ago it was 75 per cent. general haulage—its workforce had remained constant in the last year, at around 10,000.

Mr. White said that there was still no sign of a quickening of the pace of industrial activity on which hauliers depended.

But the recently adopted EEC regulations limiting a single-manned, non-rigid vehicle without tachograph to 281 miles a day, should work in favour of the group, which had a dense national network of 150 depots and switch-over points in its eight regional companies.

The group's recent pay settlement within the Government's 10 per cent. pay limit when other hauliers had exceeded the guideline had however increased British Road Services' vulnerability to the loss of skilled staff, especially fitters, when the upturn came.

Higher education offer over coming 'teenage hump'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

CHANGES in higher education —including greatly increased admisions of older and working-class students—were offered by the Government yesterday in return for a further permanent £240m.-a-year expansion of universities, polytechnics and colleges.

The present bill for higher education is about £1.34bn. a year.

The offer came in a document discussing possible higher educational policies to deal with the "teenage hump" during the next 16 years when normal student admissions first will rise, then fall rapidly.

The permanent expansion to perhaps 600,000 regular students, compared with 520,000 now, is only one of five strategies outlined in the document. But it is evidently the favourite option of Ministers and senior civil servants, and lecturers' union officials.

The other four strategies to cope with the hump—which on the middle of three projections of likely student demand would rise to 600,000 in 1984-85 and fall to 530,000 in 1994—are broadly as follows:

1—Increase the present system to accommodate the rising numbers and then reduce it again in line with the fall. This would raise difficulties later in disposing of buildings and more particularly, of staff:

2—To hold the increase of the present system at about the 560,000 regular student places planned for 1981. This would reduce higher educational opportunities for school-leavers in the years of peak demand between 1982 and 1990:

3—To accommodate the hump within the present system by the use of temporary premises, part-time staff and so on, to cover peak demand. This would cause much upheaval and reduce "quality" without necessarily producing savings in unit costs;

Part-time

4—To change the system so as to reduce the strain of the peak demand by, for example, extending two-year courses, diverting people to part-time studies, and requiring many more youngsters to wait a year between leaving school and entering higher institutions. "It is difficult to see such a scheme operating fairly on a systematic basis," the document adds.

The fifth, and evidently preferred, choice would be to provide accommodation for the peak number of 18 to 21-year-olds, and thereafter to fill additional places by stimulating demand from older, and especially from working-class students.

Although the regular-student population has almost tripled since 1960, the proportion of students from the two top socioeconomic classes of professional and administrative and managerial workers—which forms about a quarter of the total population—is still about 51 per cent.

Measures to stimulate the extra demand might include priority admission for those who had missed the opportunity earlier, higher grants, or possibly a systematic scheme for continuing education at later ages.

"This kind of possibility would be of direct concern not only to the education service, but also more widely, and particularly to the Trades Union Congress and the Confederation of British Industry in so far as it might have implications for employment levels and for the terms and conditions of employment of individuals," the document adds.

Mr. Gordon Oakes, Minister of State for Higher Education, denied yesterday that the Government had in mind a scheme of compulsory release of workers for continued education. But the costs of accommodating older people under the permanent-expansion strategy might well be met partly by employers.

A precondition of this, and of some of the other choices, would be the introduction of academic credits by which people passing lower-level courses would have their success counted towards a higher-level award at a differentt institution.

The object of the document was to start a debate among employers and unions, as well as educational interests, about the future of higher studies, Mr. Oakes said. The Government probably would state its choice of policy next year.

The five stated strategies were not mutually exclusive—"and if there's a sixth or seventh option that somebody can think of, then we at the Department of Education and Science want to hear of it," he added.

Higher Education into the 1990s: available from Room 1127, Department of Education and Science, York Road, London SE1 7PH; or Mrs. Young, Division V, Scottish Education Department, 8, George Street, Edinburgh.

Editorial comment, Page 18

Avon enters skateboarding

AVON BOOSTERS—new, all-weather wheels—were launched yesterday on the rapidly expanding U.K. skateboard market by Avon Industrial Polymers, of Melksham, Wilts.

The urethane wheels have been designed specifically for British conditions to allow skateboarders to perform where the surface changes between wet and dry.

Brazilian Group seeks compromise on £1.6m. claim

BY JOHN MOORE

THE BRAZILIAN reinsurance group currently being sued by Lloyd's underwriting syndicate F. H. Sasse for claims of $3.14m. (£1.6m.), is seeking a compromise settlement out of court.

The move follows the arrival in London of Dr. Jose Lopes de Oliveira, president of Instituto de Resseguros do Brasil (IRB), who has discussed the matter with the group's solicitors Elborne Mitchell and loss adjusters Graham Miller.

On behalf of IRB, Elborne Mitchell yesterday issued a statement which said: "As a result of recent meetings held in London concerning the reinsurance claim made against them by F. . Sasse and others the IRB are prepared to seek a resolution of the present litigation through and in conjunction with the London insurance community.

"Elborne Mitchell and Company, their solicitors, have been instructed to explore the possibility of such a resolution and will proceed accordingly.

"If a resolution satisfactory to the IRB cannot be achieved in this way the IRB, who continue to reserve all their rights, are prepared for the dispute to be resolved in the courts."

The claim by F. H. Sasse arises out of 1,300 contracts made through the syndicate's Florida agents Den-Har Underwriters, by which clients were insured against damage to their buildings up to the first $500,000.

The syndicate has met valid claims under some of the policies, and alleges that IRB, under the terms of reinsurance for the first $100,000, now has to meet its share of the liability. So far IRB has only settled $500,000. The F. H. Sasse syndicate was suspended by Lloyd's last December until the dispute was settled.

IRB declined to pay the balance of the claims until a complete report has been prepared

STC to lay £18m. phones cable

A CONTRACT for the largest undersea cable from the U.K. worth £18m., was awarded yesterday to STC, the British subsidiary of ITT, writes John Lloyd.

The cable will be capable of carrying 4,000 phone calls simultaneously.

Expected to be in service by the summer of 1980, the cable is the third between the U.K. and Spain, and will treble the capacity of its predecessors. It will run for 423 nautical miles from Land's End to Rodiles, in north-west Spain.

…igher weight limit …n lorries proposed

…YNTON McLAIN, INDUSTRIAL STAFF

…M BRITISH lorry … may be raised by over … to 44 tonnes if sugges… …from the EEC are …

…'s truck industry will …EC officials and Euro… …nufacturers in Brussels …h 7 to discuss the sug… Other radical new ideas …hange axle loads, ban …with bad load distribu… …m Europe and extend …n permissible vehicle …

…suggestions appear in … papers from the EEC's … directorate.

… include new maximum …ads of 40 tonnes for a … truck, 42 tonnes for a …e truck and 44 tonnes …ruck with a three-axle towing vehicle and a three-axle trailer. All the ideas are no more than options open to modification or rejection.

Other suggestions attempt to make road damage from heavy trucks less dependent on axle load. At the moment British and Irish trucks are limited to a maximum axle load of ten tonnes. In West Germany and the Benelux countries, the maximum is 11 tonnes, with 12 tonnes allowed in Italy and 13 tonnes in France. Ideas to be discussed on March 7 include reducing the maximum to nearer ten tonnes.

Any suggestions agreed on March 7 would be passed to national governments in preparation for further talks in Brussels on March 21.

…300,000 rescue …an sought …or Dawes Cycles

…UR MIDLANDS STAFF

…ORS OF Dawes Cycles … Birmingham to-day to … the company's future. …ors were last night try… devise a rescue scheme … 50-year-old Birmingham… …ncern, which needs up to … to survive. The company …ting temporary employ… …upplement ot retain the …ng workforce while …ions continue.

…s Cycles, with an output … of 40,000 units a year, is …l-known manufacturer, …n small compared to TI …, the market leader.

…ompany's problems began …e three years ago. Since …nances have deteriorated, …ated by the 10 per cent. …he U.K. market last year. … Dawes' output goes to the …arket.

…Dawes predicament comes …e cycle industry is more …ic about prospects. A … strike at Raleigh's Nottingham factories before Christmas cut total U.K. output by 10 per cent., to 1.7m. units last year.

But exports, accounting for about 60 per cent. of output, are thought to have increased by up to 20 per cent., or £54m., last year.

This year, the important U.S. cycles market is expected to grow from the 1975 level of 6m. units to between 8m. and 9m. Prospects in Europe for British cycles, especially sports models, have been improved by Raleigh's team win in the Tour de France.

Cycle manufacturers are also looking to an improvement in the home market, now running at about 1m. sales a year. This is regarded as very low compared with other industrialised countries.

The cycling population in the U.S. and Scandinavia is 40 per 1,000 inhabitants, compared with only 21 in the U.K.

…aw Society urges …amp duty changes

…MICHAEL CASSELL, BUILDING CORRESPONDENT

…AWS affecting stamp duty …sehold properties should …anged, says the Law …

…ecommendations for the … of revenue law, sub… to the Treasury and the … of the Inland Revenue, …at while homes costing … or less are exempt from … duty, owners of leasehold …ies can be badly hit.

…r existing legislation, … are liable to stamp duty …sehold properties if the … ground rent exceeds … On homes costing more …15,000, the charges could …siderably higher than for … old property of the same …

…society cites the case of a …lat in London being sold …5,750 on a 99-year lease. …amp duty charge was £339 … average rent was more …150 a year, but if the … had bought a freehold house at the same price the stamp duty would have been under £79.

The society recommends that either the average annual rent of £150 should be raised or that the average rent should be calculated from the date the term starts rather than from the date of the lease.

It also recommends that the income of anyone over 65 should be treated as earned income up to two-thirds of final earnings and that the final earnings should be adjusted for inflation. Earlier this month the building societies called for a raising of the starting point for stamp duty liability. The present £15,000 limit was introduced in 1974 and the Building Societies Association believes that the figure should now be adjusted upwards to £25,000.

Revenue from stamp duty last year rose to £85m. against only £12m. 10 years before.

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Tunbridge Wells Health District

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The present holder of this post will be retiring from the National Health Service in April 1978 and a successor is required for this important and challenging appointment. *Applicants should hold a recognised accountancy qualification* and have senior management experience in the public sector or in a commercial undertaking.

The post is based in pleasant surroundings at District Headquarters, Sherwood Park, Tunbridge Wells.

The District Finance Officer will be responsible for advising the District Management Team on all aspects of financial management. The District budget is approximately £19½ million per annum and the District employs approximately 5,500 people (16 hospital, 43 clinics/health centres). The District Finance Officer is a member of the District Management Team and must be able to demonstrate his/her ability to work within a team environment.

The successful applicant will have extensive knowledge of computer techniques and of management accounting principles. Experience of corporate planning techniques would be a significant advantage.

Application form and job description available from: Personnel Manager, Kent Area Health Authority, Preston Hall, Maidstone, Kent, ME20 7NR. Tel: Maidstone 79261, Ext. 28.

Closing date for completed applications: 14th March, 1978.

LOUGHBOROUGH UNIVERSITY OF TECHNOLOGY

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Applications are invited for a LECTURESHIP in International Business in the Department of Management Studies. Preference will be given to applicants specialising in international marketing, but those specialising in other aspects of international business are encouraged to apply. Applicants should be graduates with an appropriate first and/or higher degree, preferably with industrial, commercial, or professional experience.

Salary within scale £3,333-£6,555 (under review). It is hoped to make an appointment on the lower half of the scale. Postcard requests for further particulars and application forms to Paul Johnson, Establishment Officer. Ref. 78/66MS.

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To assist staff of Central Projects Unit (CPU). Duties include evaluating projects submitted for local and foreign financing; formulating training programmes for staff within National Planning Division and Line Ministries. Applicants should have 1st degree in Economics, and preferably a post-graduate qualification plus several years' practical experience.

Appointment 2 years. Salary (U.K. taxable) to be arranged plus tax free Overseas Allowance in range £420-£1,490 p.a. (Ref. 328 D1).

The post is wholly financed by the British Government under Britain's programme of *aid to the developing countries*. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, children's education allowances and holiday visits, free accommodation and medical attention. Applicants should be citizens of the United Kingdom.
For full details and application form please apply, quoting reference stating post *concerned, and giving details of age, qualifications and experience to:—*

Appointments Officer,
MINISTRY OF OVERSEAS DEVELOPMENT,
Room 301, Eland House,
Stag Place, London SW1E 5DH.

ODM

HELPING NATIONS HELP THEMSELVES

Controller

Tehran c. $30,000 Tax Free

International Housing Iran is a US construction company undertaking projects in Iran.

They require a Controller reporting to the managing director, to take charge of all local financial and accounting work, with particular emphasis on setting up new systems, preparing budgets, and reporting back to US corporate headquarters.

Candidates should be qualified accountants with experience of construction and associated sales operations at a senior level. Fluency in Farsi would be an advantage. The remuneration package for the successful applicant is flexible and tax free, and will include furnished housing and 6 weeks annual leave.

Please write in confidence with concise personal and career details quoting Ref. 7852 to J. D. Atcherley.

AMS Arthur Young Management Services
Rolls House
7 Rolls Buildings, Fetter Lane,
London EC4A 1NL

Diversified, multinational manufacturer of consumer goods (Annual Sales approx. US$2,000m.) headquartered in the USA.

requires

INTERNATIONAL AUDITORS

Responsibilities include all aspects of financial and operational auditing reporting directly to the parent company in the US.

The position requires extensive travel that includes most of the West European countries, but may not be limited to this region.

Applicants must be fluent in English and speak a second major European language. Prior auditing experience is essential.

The company offers excellent opportunities for advancement. Salary will depend on experience.

Please write in confidence, stating employment history experience, amount of travel and desired salary to Box A6276, Financial Times, 10 Cannon Street, EC4P 4BY.

COMPANY NOTICES

CITY OF OSLO
1974/1992 8¾% UA 12,000,000

Bonds to the amount of UA 400,000 have been drawn on February 10, 1978 in the presence of a Notary Public for redemption on April 1st, 1978.

The following Bonds will be reimbursed coupon due April 1st, 1979 and following attached:
3167 to 3331 incl.; 3340 to 3456 incl.; 3461 to 3462 incl.; 3478 to 3508 incl.; 3519 to 3548 incl.; 3620 to 3693 incl.
Amount outstanding: UA 19,408,000.
Outstanding drawn Bonds.
4136 to 4148 incl., 4155 to 4157 incl., 4164 and 4165.

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
February 24, 1978

MURATA MANUFACTURING COMPANY LTD.
(CDRs)

The undersigned announces that the Semiannual Report for six months ended September 20, 1977 of Murata Manufacturing Company Ltd. will be available in Luxembourg at:
Banque Générale du Luxembourg S.A.
and further in Amsterdam at:
Algemene Bank Nederland N.V.,
Amsterdam-Rotterdam Bank N.V.,
Bank Mees & Hope N.V.,
Pierson, Heldring & Pierson N.V.,
Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam,
February 10th, 1978

THE BIRMINGHAM MINT LIMITED

NOTICE IS HEREBY GIVEN that a dividend of 2.1p per share in respect of the six months ended 31st March 1978 will be paid on 1st April 1978 to all Preference Shareholders registered in the books of the company at the close of business on Friday, 3rd March, 1978.

By Order of the Board.
A. SINGER, Secretary.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of
No. 00452 of 1978
DRONWOOD TRANSPORT LIMITED
No. 00484 of 1978
S. W. NEWTON LIMITED
and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 13th day of February 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of March 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of March 1978.

No. 00432 of 1978

In the HIGH COURT OF JUSTICE, Chancery Division, Companies Court. In the Matter of MARRIS & CARTIN LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 9th day of February, 1978, presented to the said Court by ANTHONY BUTLEY AND PARTNERS LIMITED, Park West, Marble Arch, London W2 2QQ, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 13th day of March, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of the hearing, in person or by his counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

LINKLATERS & PAINES,
Ref. DCh.
Barrington House,
59-67 Gresham Street,
London EC2V 7JA.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 10th day of March, 1978.

No. 00472 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FLEET STORE AND OFFICE DEVELOPMENTS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 13th day of February 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 20th day of March, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of March 1978.

No. 00456 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of
BARLSHOURNE LIMITED
No. 00457 of 1978
EXPRESS STAFF AGENCY LIMITED
and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 14th day of February 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 20th day of March 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of March 1978.

No. 00485 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of IVYBROOK LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was on the 14th day of February 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 20th day of March, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of March 1978.

No. 00505 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of EXPRESS COMPUTING PERSONNEL LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 13th day of February 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 20th day of March, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of March, 1978.

No. 00316 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HOUSING AND GENERAL DEVELOPMENTS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 15th day of February 1978, presented to the said Court by TARMAC ROADSTONE HOLDINGS LIMITED whose registered office is situate at Ettingshall, Wolverhampton WV4 6JP, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 20th day of March, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
108, Kingsway,
London WC2B 6PZ.
Ref: 14 RR. Tel: 01-405 9074.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of March, 1978.

No. 00549 of 1978

In the HIGH COURT OF JUSTICE Chancery Division, Companies Court. In the Matter of HEMPCELL LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 17th day of February 1978, presented to the said Court by COSSACK CARAVANS LIMITED, whose registered office is situate at Carmichael Chambers, North Bar Within, Beverley, North Humberside, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 10th day of March, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
108, Kingsway,
London WC2B 6PZ.
Ref: 14 RR. Tel: 01-405 9074.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of March, 1978.

No. 00583 of 1978

In the HIGH COURT OF JUSTICE Chancery Division, Companies Court. In the Matter of GEMINISCAN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 20th day of February, 1978, presented to the said Court by 3M UNITED KINGDOM LIMITED whose registered office is situate at 3M House, Wigmore Street, London W1A 1ET, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 10th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

Wm. F. PRIOR & CO.,
Temple Bar House,
23/28, Fleet Street,
London, EC4Y 1AA.
Ref. [illegible]. Tel: [illegible]
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 7th day of April, 1978.

APPOINTMENTS WANTED

U.S.A.

GENERAL MANAGEMENT

U.S. Domiciled executive, currently responsible for North American subsidiaries of substantial British industrial corporation, seeks similar position but with greater prospects of significant expansion (whether generated internally or by acquisition).

Considerable and successful international experience (North and South America and Europe); multilingual; innovative; and adaptable.

Please write Box A.6277, Financial Times,
10, Cannon Street, EC4P 4BY.

LABOUR NEWS

)pening of new £38m. ock postponed ıdefinitely

JR BRISTOL CORRESPONDENT

ENING of Bristol's new oyal Portbury Dock has postponed indefinitely, of industrial relations within the port.

employers claim that al numbers of dock have failed to keep a iot to delay the open- dock by making pay

port officials say the could delay the dock ral years and damage rade in the port of

tanley Turner, general of the port authority felt betrayed by many lock workers. He had when the new dock art work.

ial peace has depended nay demand by the 's 1,300 registered They had refused to Royal Portbury until last week, when they won an award within the Government's 10 per cent. pay guidelines, plus a bonus and productivity deal.

Other staff employed by the authority and independent companies in Avonmouth, Bristol, had postponed their pay negotiations while awaiting the outcome of the dockers' claim.

Mr. Turner said: "Various sections of staff have now made claims on us and imposed conditions for working Royal Portbury Dock that we cannot possibly accept."

Harwich move

Tor Line, the Scandinavian shippers, are the authority's partners in a company called SWIFT, established to manage and market No. 1 berth and roll-on roll-off facilities in the new dock.

Mr. Paul Insley, Tor managing director, said: "We have other people actively wanting to use the dock but, quite frankly, I think they will now find alternatives."

He said a new customer, Shippers Cast Line, had hoped to handle 20,000 containers a year through Royal Portbury. Instead, Cast will now go to Harwich and only consider Royal Portbury once it has proved itself.

Mr. Tom Lord, Cast managing director, confirming the move to Harwich, said: "Royal Portbury is just not a working dock. If it should get off the ground and prove itself a viable proposition, we may consider a trial with a few ships."

The arrival of the MV Hesselp in the new dock to-day with a cargo of Cast containers has been cancelled.

The new dock should have been working before it was named by the Queen on August 8 last year.

. C. Thomson pay ırity case opens

Y PERMAN, SCOTTISH CORRESPONDENT

ATIONAL UNION of ts began a Central on Committee action in yesterday against the son publishing group, largest non-union con- one of the most profit- ate companies in the

aring is being closely y print unions, which with the NUJ have ng to break the anti- nce the company has d since the 1926 Strike. Other applica- r industrial legislation ng.

ar Thomson's turnover 31m., and its pre-tax £6.6m., of which a third e from investments. In- stake of 24.8 per cent. rn TV.

verage wage for its loyees was £3,284, and n directors, five out of m are members of the amily, only one person rganisation was paid £10,000.

J seeks parity between rs in the Glasgow office Sunday Post, largest he Thomson group with circulation of 1.8m. general level" of wages and conditions for similar newspaper offices in Glasgow.

At the hearing the company maintained that the Sunday Post was unique and could not be compared with other Sunday newspapers. It was not a national newspaper and the bulk of its sales were in Scotland, although it did have an English edition.

The company rejected an allegation that it treated its staff badly. In response to the union's demand for information, it said that it would need four to six weeks to produce details of the salaries and conditions of its 36 journalists in Glasgow, and to make comparisons with levels on other newspapers.

In its evidence the union refused to give the names of its members in Thomson's because in the past, once identified, they had "not done too well" in the organisation.

Mr. *John Hodgeman*, NUJ Scottish organiser, said: "Our members should not suffer the situation that because their management is among the most successful of the world's publishing employers, they should be at the bottom of the wages scale."

The tribunal was adjourned until March 21.

Minister warns the bad employers

ONE small group in Britain ought to fear the unfair dismissals laws—the bad employers, Mr. Harold Walker, Employment Minister, told the University of Kent Industrial Relations Society yesterday.

The remainder — the great majority of good employers—could be left to get on with their job of managing.

"Hundreds of thousands of job changes take place every year. In the six or so years' experience since the introduction of unfair dismissal legislation in 1972 under the then Government's Industrial Act, only a fraction have involved unfair dismissal claims.

"Critics of the legislation have to ask themselves: 'Do they think it right that someone should be dismissed unfairly?'

"*Of course, a few unscrupulous* employers would gladly be rid of all obligations to their staff but most accept they have to act fairly towards their employees.

"Surely no employer worth his salt demands a right to sack someone unfairly."

Even where an employer did become involved in an unfair dismissal claim he could count on fair treatment from the Advisory, Conciliation and Arbitration Service and Industrial Tribunals.

"Tribunals consist of a legally qualified chairman, a trade union representative and an employer representative.

"About 96 per cent. of their decisions are unanimous—surely confirmation that they are unbiased. Nor should we overlook that two-thirds of their decisions go in the employer's favour."

Mr. Walker dismissed the allegation that it is impossible for an employer to sack someone.

"An employee can be dismissed for almost any reason during his first six months in a new job *because, generaly speaking, this* period is excluded from unfair dismissal protection. But of course, I expect employers to behave responsibly and fairly.

"From then on, the legislation leaves an employer free to dismiss an employee on a wide range of grounds, for example on grounds of redundancy, following consultation with the trade union, or on grounds of the employee's capability or qualification to do the job, or for his conduct."

pbuilders defer ision on union

AN PIKE, LABOUR CORRESPONDENT

NTHLY British Ship- Board meeting yester- to resolve the question r the Shipbuilding and ndustries Management n is to be recognised dustry.

h the recognition issue e agenda, Board mem- n deferred a firm de- n December the Board approach the Advisory on and Arbitration nd is apparently still information, although e been discussions be- itish Shipbuilders and cials.

anagement association, of the TUC-affiliated s, and Managers Asso- currently engaged in time ban in protest lelays by the British ers Board in coming to n.

UC general council is also pressing for an early decision, but it is insisting that recognition in shipbuilding must be confined to unions affiliated to the Confederation of Shipbuilding and Engineering Unions, which does not include the management association.

Tide and Tide dismisses staff

THE EIGHT editorial staff of the magazine Time and Tide have been given two months' notice to quit because of financial losses.

Mr. Ian Lyon, editor, said last night that negotiations were under way for the sale of the magazine. If a purchase could be agreed, the magazine might be saved.

ether alleges persecution Financial Times

GORDON TETHER, the Times columnist dis- ter a dispute about the control of his column, objected yesterday to a n that he wanted copies al *Union of Journalist* inutes for use in pro- gainst Mr. Mark van de the Financial Times the Chapel.

ther, 64, who contends he irly dismissed 16 months Mr. Van de Weyer had lied him with copies of of four Chapel meetings September and Decem- , January, 1975, and 976.

ether said that the of those meetings could siderable relevance.

omas Morison, counsel newspaper, commented: t that Mr. Tether wants in respect of this claim in relation to proceed- ants to take against Mr. Veyer."

ly relevant documents n to the chapel com- inutes had, as far as he e, been produced.

start

ether called on Mr. to withdraw his allega- ng it was impugning his

illiam Wells, QC, the intervened: "Accusa- counter-accusations do not enable us to get on with the proceedings."

Mr. Tether went on to read from a dosier of 79 letters illustrating the NUJ's involvement in his dispute from the time he raised it with *his office chapel* two years before his dismissal.

One letter to a union official in which Mr. Tether spoke of the Financial Times' "persecution" and "attempted debasement" provoked Mr. Wells into asking: "Are you really wanting to be re-instated by employers who persecute and debase you?"

Mr. Tether replied: "Yes. I have no doubt they could mend their ways. We all know how to say 'Sorry' and start afresh."

The letter, written in May, 1976, was to Mr. Robert Norris, an NUJ national organiser. In it, Mr. Tether said: "If the Financial Times can get away with the kind of persecution and attempted debasement of a member of the union that it has been directing—and is continuing to direct with ever increasing force at me, no member of the union is ever going to be safe."

He said that they could be "picked off" one-by-one and forced to suffer whatever indignity, denigration, depravation, loss of reputation, victimisation, or other maltreatment that their editors chose, for any *reason to inflict on them*.

Later, Mr. Wells commented that Mr. Tether had said "constantly" in his letters to union officials that he was fighting a battle for journalists, for freedom of the Press and freedom to write. Was there any letter in which any union official accepted that position?

Mr. Tether replied that as far as he was aware, there was nothing in writing. But this was a question the tribunal could put to Mr. Norris when he gave evidence.

Mr. Tether quoted a letter he wrote to Mr. Norris in August, 1976, a month before he ceased to be Lombard, in which he complained that his position in relation to the Financial Times had been compromised and prejudiced by "unsatisfactory aspects" of the behaviour of the disputes *committee and* by the "mishandling" of the situation by the Chapel committee.

He claimed that the disputes committee and the Chapel committee had given the Financial Times assistance in taking away his job, which seemed deplorable. The fight he had been waging against the editor's attempt to "roll back" the recognised independence and wide ranging character of his column had been concerned with questions of principle of great significance for NUJ members—Press freedom and security of employment.

The hearing continues to-day.

Speke strike likely to be called off at meeting to-day

BY PHILIP BASSETT, LABOUR STAFF

THE 17-WEEK strike at British Leyland's car plant at Speke, Merseyside, seems likely to be called off at a meeting of the 1,800 strikers to-day.

Meanwhile at Leyland's Cowley factory 900 engineer*ing union members in the body* plant voted yesterday to go back to work after a strike over a lunchtime working demarcation dispute.

Production of Maxi and Princess bodies was resumed after the meeting. The fitters' claim for parity on lunchtime working with men in the Cowley assembly plant will be discussed at a meeting with Leyland management next week.

Agreement on new manning levels and production line speeds at Speke was reached yesterday for the final sections of the factory.

A proposal for a return to work will be put to-day to the meeting, which is the first to be called to test feeling on the strike since November 21 last year.

The strikers, with agreement on the line speeds and faced with the prospect of the Number Two plant closing, seem certain to return.

But they got no encouragement that Leyland's decision to close the TR7 plant might *be reversed when national* union leaders met Mr. Eric Varley, Industry Secretary, in London yesterday.

Mr. Varley told national officials from five trade unions who had asked him to intervene in the closure that any decision was a matter for Leyland in consultation with the National Enterprise Board.

Co-operation

When he received the Leyland corporate plan he would put to the Cabinet any requirements in it for extra finance, but that could only be given if the plan was commercially viable and if it had full union co-operation.

Mr. Grenville Hawley, national automotive secretary of the Transport and General Workers' Union, who led the union side, said after the meeting that as Mr. Varley had made it clear he could not intervene, the unions would apply for an early meeting with Leyland.

The Most Rev. Derek Warlock, Roman Catholic Archbishop of Liverpool, yesterday appealed for the Speke plant to be kept open, and said to-day's meeting should end the strike. The meeting will be picketed by wives of the strikers and members of the Merseyside Right to Work Campaign.

● More than 700 workers at Rolls-Royce factories at Hillington and East Kilbride, Scotland, have secured "fair wage" rises of between six and 11 per cent. on top of increases already agreed under Government pay guidelines.

Director ends questionnaire protest

THE MANAGING director of a small bookbinding company in Birmingham, who refused to fill in a statutory questionnaire, claiming that he was being asked to supply confidential informa*tion of no interest to anyone* except his competitors, conceded defeat to the Price Commission yesterday.

Mr. Philip Lawrence it to hand in a black box containing the completed form at the commission's offices in London to-day.

The move comes after Mr. Lawrence was threatened with High Court action which, he feared, could have made his firm bankrupt.

British Steel pact key to viable future

BY PAULINE CLARK, LABOUR STAFF

THERE were no cries of victory from either side yesterday in the aftermath of the midnight signing on Wednesday of a union agreement to co-operate with British Steel Corporation's plans to save the industry.

The agreement, which emerged from nearly nine hours' bargaining between the corporation's management and the full executive of the Iron and Steel Trades Confederation — the industry's biggest union — covered most points long considered vital to restoring a viable steel industry.

Union leaders representing some 65,000 manual workers in British Steel reaffirmed their January 1976 commitment to improve industrial relations and recognise the need for early closure of loss-making steelworks.

In return for the loss of several thousand jobs, the union won a 10 per cent. wage increase and the right to take part in decisions to close high-cost plants other than those on the Beswick list.

British Steel called the agreement "a breakthrough," although difficult negotiations may lie ahead in tackling the overmanning and obsolescent plant problems contributing to this year's £520m. projected loss.

The corporation is certainly encouraged by the union leaders' agreement to co-operate with early closures. It estimates that by bringing forward the dates of Beswick closure by between 18 months and two years, the industry will save "millions of pounds" over the next few years.

But it is conscious that the new agreement is merely symbolic of "a winning of hearts and minds," and that is just the first stage in tackling the problem.

British Steel is also awaiting a decision by craftsmen and blastfurnacemen, two groups with powerful industrial muscle, on whether to accept the terms

●NEWS ANALYSIS —RESCUE PLANS

of the Iron and Steel Trades Confederation agreement.

There can be no guarantee of this, at least until the craftsmen meet in Sheffield on March 13.

Leaders of the Iron and Steel Confederation have acquiesced on five points contained in the early 1976 agreement between the corporation and steel union leaders, but not implemented because of pay policy restrictions.

Apart from the need for early closure of Beswick plants, they are expected to co-operate in reducing the incidence of wild cat strikes, absenteeism and poor time-keeping.

The union has also agreed to co-operate in work-measured incentive schemes to be negotiated at plant level, in spite of its dislike of what is essentially a scheme based on fewer men doing the same number of jobs, rather on increased production.

It is also hoped the union will help to prevent undue delay in commissioning new plants. This would stop repetition of the year-long row over manning of the *£25m. new sinter - plant at* Redcar.

How co-operative the unions will be in pressing ahead with plans to close so far unspecified high-cost plants remains to be seen. The definition of high-cost plants has been argued before by the unions, who feel that depreciation and interest costs should not necessarily be included in the calculations.

The only remaining obvious candidate for cuts at present is the old-fashioned, open-hearth furnace section at Shotton, where some 6,000 workers stand to lose their jobs. The heavy end of the plant has been kept alive only because of a political decision tied up with the future of Port Talbot.

The scale of redundancies needed in the industry has not been specified but speculation on a possible 25,000 to 40,000 jobs seems more soundly based at the lower end.

Only 4,500 jobs remain at risk from the Beswick list, but many more redundancies will be required if overmanning is to end.

The figure of 40,000 was first floated by Dr. Monty Finneston some two years ago, when the total number of jobs in the industry was about 228,000. Since then, with the recent closures by a voluntary plant agreement at Hartlepool and Clyde Iron, the figure has fallen to 199,500.

Voluntary redundancies in the industry have also helped to cut jobs by about 8,000 since April.

But unions fear that because redundancy and severance pay is highest (around £7,000 in total at the peak) for the higher skilled and those with most ex*perience in the industry, the* industry could suffer in future from a lack of high calibre manpower.

British Steel admits this is a problem. Hopes for arresting the trend necessarily lie in the success of locally negotiated self-financing bonus schemes.

Freeson seeks promise

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

ASSURANCES about alternative employment for the 550 workers to be made redundant by closure of the Cadbury-Schweppes tea packing plant, Birmingham, were sought yesterday by Mr. Reg Freeson, Housing Minister.

Mr. Freeson met Sir Adrian Cadbury, chairman, to express Government concern about the impact of a shutdown of the Bordesely Street plant upon Birmingham's declining inner city area.

Mr. Freeson will report in Birmingham on Tuesday to the partnership committee set up by the Government to form plans *to revive employment in the city*.

Cadbury-Schweppes intends to concentrate packaging of Typhoo tea at its Moreton plant, near Birkenhead, an assisted area.

Rig radio officers' work-to-rule goes on

BY OUR LABOUR STAFF

RADI OFFICERS on North Sea oil rigs who have been working to rule since last Monday because of a pay dispute will continue their action for at least another week.

During this time, their employers will discuss options for a solution to the dispute with Employment Department officials.

This was decided after the Radio and Electronic Officers' Union agreed to postpone until March 3 a meeting originally scheduled to take place yesterday with management of Marconi Marine.

The radio officers occupy key communication posts on about 12 oil rigs. They control, among other things, the operations of helicopters and supply vessels.

Affected oil companies are claiming only minimal impact at present from the work-to-rule.

But there are fears of disruption to production in the Brent field and the preparations for bringing the Thistle platform on stream if threatened strike action takes place.

The union is objecting to management's refusal so far to pay the radio officers on oil rigs the same bonuses as have been awarded by the National Maritime Board to those on deep-sea vessels while a separate agreement is under negotiation.

Management fears that an interim payment of this kind would breach the Government's pay guidelines.

PARLIAMENT AND POLITICS

Budget: Healey proposes full use of scope for stimulus

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, told the Commons yesterday that he intends to take full advantage of the scope for stimulating the economy in his Budget on April 11. In addition, he expressed the hope that it will be possible to reduce further the current low rates of interest.

Mr. Healey was also optimistic that the recent increase in the growth of money supply could be brought down in the coming months. He made it clear that he intends to follow the example of Germany which had adopted a flexible programme of "genuine growth" although its money supply had exceeded the stated target.

On industrial production in the U.K., the Chancellor took a cheerful view of the prospects for the months ahead. But he would not be drawn into speculating what type of wage spolicy might be introduced in the summer when the present 10 per cent. guidelines come to an end.

During a lengthy question session, the Chancellor took a consistently expansionist line as he came in for intensive grilling about the current state of the economy and his intentions for the rest of the year.

On money supply, Mr. Healey recalled that in the month to mid-January, M3 grew at 2½ per cent. The excess over the desired rate of growth for 1977-1978 as a whole could be accounted for largely by the once-and-for-all effect of the tax refunds resulting from the reliefs announced in October.

Example

He was confident that the next few months would show the trend to be within the desired range.

Mr. Nicholas Ridley (C., Cirencester and Tewkesbury) asked whether, if the growth of money supply was still above target, the Chancellor would give priority to reducing it or to going ahead wih tax cuts.

Mr. Healey retorted that fluctuations in money supply from month to month were perfectly consistent with keeping monetary aggregates under control. In Germany, the increase in money supply over the last three months had been at an annual rate of 15.5 per cent., nearly double the amount provided for a year ago.

"We propose to follow the type of flexibility that has been successfully followed in Germany" he declared.

Sir Geoffrey Howe, shadow Chancellor, intervened to say that the Government should recognise the need for next year's monetary targets to be significantly lower than this year.

Mr. Healey replied that he was not prepared at this stage to give his views on next year's monetary targets. He referred Sir Geoffrey to the fact that Germany had consistently overshot announced monetary targets without the consequences which the Tories expected.

Germany had sensibly set monetary targets so as to leave genuine scope for growth without re-igniting inflation. "We propose to follow that example," the Chancellor stressed.

In other exchanges Mr. Douglas Jay (Lab., Battersea N.) argued that interest rates in Britain were still too high and that there was every reason for bringing them down.

Mr. Healey told him: "I hope it will be possible. But one has to consider interest rates as one of the variables which contribute to the welfare of the economy."

Mr. Hugh Dykes (C., Harrow E.) suggested that while there had been a financial improvement in recent months there had not been any real improvement in Britain's economic performance.

The Chancellor agreed that the financial improvement had not been adequately reflected in output and employment. But there had been a substantial increase in retail sales over the last two months and he would expect this to be reflected in the build up of stocks and new production in the coming months.

The recent gloomy employment forecast from the Cambridge Group was raised by Mr. Dennis Skinner (Lab., Bolsover) who saw this as a reason for backing the expansionist Budgetary suggestions of Mr. Anthony Wedgwood Benn, Energy Secretary.

Mr. Healey reflected that, in the past, the Cambridge Group forecasts had not always been correct. But he added emphatically: "I do think there should be scope for some stimulus to the economy in the coming Budget. I propose to take full advantage of that stimulus."

This brought an attack from Sir Geoffrey Howe, who said that output in each quarter of the past year had been below the rate achieved in 1973. There was no sign of the upturn which the Chancellor had forecast in his Budget last autumn. He said that the Prime Minister did not apparently share Mr. Healey's optimistic view of the economy.

Questioned about pay policy Mr. Healey said that it was far too early for him to announce firm plans on what would happen in the summer.

He added, however, that any stimulus to the economy was liable to lead to a dangerous expansion in imports and, therefore, to inflation unless we narrowed the gap between productivity and earnings to about the size which existed among our trading partners. That was why the level of earnings remained important.

Left-winger Mr. Tom Litterick (Selly Oak) demanded that the Government should think less about holding wages down and more about fulfilling its side of the social contract in order to increase production.

Mr. Healey replied that the extent to which any stimulus could be given to the economy depended upon the extent to which British industry was competitive. The level of earnings in relation to productivity was essential in this regard. He agreed that wage levels were now slightly above the 10 per cent. figure but not to the extent which the Tories had forecast.

Dealing with the current rate of sterling, the Chancellor said that, on balance, it was not damaging the economy. Unless we brought down the level of inflation and reduced wage costs, any substantial increase in the value of the £ would damage our industrial performance.

Mr. Joel Barnett, Chief Secretary to the Treasury, said that the Government wanted to see an increase in productive potential, productivity and growth of industrial output. This would remain the objective and the Chancellor certainly hoped to do something about it in his Budget.

Caution on September referendum demand

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS were being pressed yesterday to fix a date for the referendum on Scottish devolution no later than September 21, following the passing of the Bill's third reading in the Commons by 297 to 257, a majority of 40.

There was a very cautious response to the demands, as the timing of the referendum and its relationship to a general election will call for skilful judgment from Mr. Callaghan.

Ministers are well aware that a September referendum which gave the Scottish National Party cause for jubilation or which resulted in a majority for devolution which fell below the 40 per cent. hurdle, could lead to immense complications and damage Labour prospects in a subsequent general election.

The Prime Minister will have to make his judgment in the late summer when the Scotland Bill is expected to reach the Statute Book on whether to press ahead with the referendum in September or to find an excuse to delay it until next spring.

The call for a referendum no later than September 21 came primarily from Mr. Jim Sillars and Mr. John Robertson, of the Scottish Labour Party, and from Mr. John Mackintosh, the pro-devolution Labour MP for Berwick and East Lothian.

Mr. Sillars said in a statement that the September date would ensure that the Scottish people had the chance to vote on the assembly before there was a change of Government "or yet another change of mind at Westminster."

Some MPs were arguing that an autumn referendum would make an autumn general election less likely. But a more general view was that Mr. Callaghan will give precedence to the timing of the general election, if he feels he can win an October poll, he will go to the country then.

The Scotland Bill received its first reading in the Lords yesterday and will have its second reading on March 14 and 15 before starting the lengthy committee stage after Easter.

Meanwhile, the Wales Bill will start its committee stage in the Commons next Wednesday and continue on Thursday. There will inevitably be numerous amendments made to the Bill, many along the lines of the changes forced in the Scottish legislation.

In particular, anti-devolutionist MPs expect that the 40 per cent. proportion of the electorate required to vote Yes before devolution can take effect, will be written into the Wales Bill. As there is much less enthusiasm in Wales for devolution, this could be an unsurmountable hurdle.

Bid for halt on aid misuse promised

BY IVOR OWEN, PARLIAMENTARY STAFF

BRITAIN WANTS the EEC to take action which will prevent assistance provided through overseas aid programmes being misused by regimes such as that of President Amin of Uganda.

This objective of Government policy was stated by Mr. Frank Judd, Foreign Office Minister of State, in the Commons last night, in a debate on developments in the EEC.

He told MPs that in the renegotiation of the Rome Convention, the Government was determined to press for the inclusion of a provision which ensure that the aid provided was concentrated on items which benefited people and not the regime.

Mr. Judd said: "The present basis, as we saw in the case of Uganda last year, simply will not do." Aid or trade arrangements, he insisted, should not be to bolster a "crudely repressive regime."

Mr. Jud dvigorously upheld the defence of British interests undertaken by Ministers in Brussels and contended that there could be no justification for interpreting their action as signifying that Britain was not prepared to work in accordance with the spirit of Community membership.

The Government accepted that a balance had to be held between national and common interests. At the same time, the Community must prove itself to be an organisation of democratic states and not an authoritarian institution.

Mr. Judd re-stated the Government's determination to ensure that the interests of Britain's fishing industry are adequately safeguarded in the Common Fisheries Polic yand also reaffirmed th eintention to secure modification of the Common Agricultural Policy.

Rees backs police action after Front march ban

By Rupert Cornwell, Lobby Staff

MR. MERLYN REES last night threw his weight behind the police to take whatever action necessary to-morrow in Ilford to deal with possible trouble arising from the ban on the National Front march there.

His remarks followed a warning by Mr. Martin Webster, National Front organiser, that 1,500 of his supporters would be in Ilford despite the ban for a "mass canvass" for next Thursday's by-election. Mr. Webster was called in yesterday to Scotland Yard to explain his intentions for to-morrow.

Speaking in the constituency last night, the Home Secretary set out to counter the Conservative's latest campaign theme that Labour had been slack on law and order.

"The Conservative Party is trying to do on law and order what it has done on immigration—to exaggerate the real problem, excite the fears of the community and offer no practical proposals," Mr. Rees said.

In doing so, they were cynically fostering the impression that there were instant solutions to complicated problems, and taking advantage of concern over crime in the country. This was "unpleasant, untrue and unhelpful."

The Home Secretary admitted that justified fears existed, particularly among the elderly, over urban vandalism. But the answer was to continue reinforcing the police and to ensure that courts had adequate powers to deal with offenders.

Despite claims that police strength was being run down, there were 7,500 more police officers at the end of last year than in 1974, the year the Tories were last in power.

"Let us not exaggerate our problem. We live in one of the freest and stablist societies in the world."

The Labour Party was seeking to continue this "on a basis of conciliation, not by fear and division," Mr. Rees said.

Tories 'will inherit second depression'

BY RUPERT CORNWELL

BRITAIN'S short lived economic "miracle" is already dead. This was the message last night from Mr. Peter Walker, former Tory Cabinet Minister, who claimed that but for North Sea oil and a strong exchange rate, January would have produced a record visible trade deficit of £650m, unemployment of 1.75m and inflation well into double figures.

He told the British Institute of Management at Swindon that this year could easily witness a second depression "before the first depression has disappeared."

"When, as I believe, will happen, the Conservatives are returned to office later in 1978, it will not be to preside over the oil-rich years but to tackle a very serious economic situation, one in which the servicing of Mr. Healey's debts will be an added burden."

Meanwhile, Sir Geoffrey Howe, shadow Chancellow, expounded at a by-election meeting in Ilford the three goals of a future Tory Government: incentives to work harder, curbs on public spending, and an end to "war on business" through such devices as the Bullock report, pay sanctions and planning agreements.

Export-led growth, the panacea held out by Labour, had already failed, said Sir Geoffrey. In the last quaster of 1977, exports had dropped by 6 per cent. and imports had risen by 3½ per cent. compared with the preceding three months.

Mr. Walker underlined the risk that the U.S. was about to join Germany and Japan as a formidable competitor for Britain in world markets, helped by the immense advantage of a cheap dollar.

Hardly a shrinking violet

BY IVOR OWEN

A ROUND of political jousting between Mr. Callaghan and Mrs. Margaret Thatcher brought another whiff of the hustings to the Commons

No new clues were provided about the date of the general election, although the Prime Minister promised the eager Mr. Kenneth Baker (C., St. Marylebone) that there would be one "in due course."

Mrs. Thatcher claimed that as a result of Government policy, the real take-home pay of the average worker had been reduced by £7 a week, while men at Swan Hunter, who had refused jobs, could collect redundancy payments for amounts up to £10,000. "Do you think this is a sensible use of scarce resources?" she challenged, amid Tory cheers.

Mr. Callaghan confessed to a sense of shock at Mrs. Thatcher's "effrontery." But he quickly pressed a counter charge that the Tory leader had demonstrated she opposed Government policies which helped to create or keep jobs.

If Tory policies were to be implemented, he asserted, at least one million jobs would go in the very near future.

Mrs. Thatcher seemed equally shocked. Either unwittingly or deliberately—Tory backbenchers did not seem to share her doubts—the Prime Minister had deliberately refused to answer the question about redundancy payments to those who refused jobs. Was it right that those who worked should have a raw deal compared with those who refused work?

Mr. Callaghan countered: "That is a totally irrelevant question. It is the kind of pious platitude to which we are becoming accustomed from Mrs. Thatcher . . . totally meaningless and full of that kind of spurious gentility which we have come to associate with her."

Despite the Tory leader's willingness to take care of herself, the unlikely figure of Mr. Joe Ashton (Lab., Bassetlaw) seemed intent on riding to the rescue. He reminded the Prime Minister of newspaper comment that Mrs. Thatcher had been unfairly treated over her speeches on immigration. Some offer of sympathy seemed to be required, he suggested, particularly as her majority in Finchley had dropped from 16,000 in 1959 to 3,900 at the last election.

For good measure, Mr. Ashton added that last year the National Front received more votes in Finchley than in Paddington, Vauxhall or Lambeth.

Tory MPs cheered when the Prime Minister admitted to having read that Mrs. Thatcher did not intend to be bullied or intimidated over the immigration issue. "I may say that the role of shrinking violet is one I would not really associate with her." he scoffed.

But there was no real need to have any sympathy for Mrs. Thatcher, the Prime Minister assured the Labour benches. "This side of the House is attacked consistently by that house organ of the Tory Party, the Daily Mail. The difference between us and Mrs. Thatcher is that we don't whine when we are attacked."

There was a prompt disclaimer from the Prime Minister when Mr. Peter Emery (C., Honiton) accused him of employing "studied insults" against Mrs. Thatcher. "I promise you that my insults were not studied. They would have been far better than that if they had been."

Arguing for stronger powers, Mr. Michael Marshall, MP, recalls one Minister's comment on Select Committees

'You got damn-all out of me'

THE STEEL row has brought into sharp focus the role of Select Committees. As one who served on the Select Committee on Overseas Development when it last considered a possible inquiry into the activities of the Crown Agents and, as a current member of the Select Committee on Nationalised Industries, I am convinced that the case for strengthening such committees is unanswerable.

Over 200 MPs are currently working in one or more Select Committees. Their range of activities includes science and technology, defence, the traditional and prestigious work of the Public Accounts and Expenditure Committees and such recent innovations as the committees on EEC legislation and immigration.

Almost all Select Committees have increasingly faced the problems created by the Government's growing involvement in both public and private trade and industry. It is this industrial climate which has coloured further examination of the problems as well as the opportunities of strengthening Select Committees.

At the outset, it is necessary to dispel some of the traditional criticisms of Select Committees. Such attacks have come from a wide variety of sources but mainly from those most immediately involved—Parliament itself, the Civil Service, Ministers and the Press.

Parliamentary critics single out the role of Whips in appointing members of Select Committees and the history of offering jobs in Government to troublesome critics. But this view ignores the growth in size and scope of committees and the changed mood of Parliament. Excluding the payroll vote of Government Ministers and members of minority parties, almost two-thirds of those free to do so join Select Committees. For most, it provides an opportunity of pursuing a special interest and keeping up to date with increasingly complex areas of Government and outside activities.

Mr. Michael Marshall . . . wants permanent advisers.

Increasingly, too, there are many who feel that this is the only way in which at least a partial check can be exercised on the Executive.

At the highest level—the committee chairmen—Select Committees are seen as an alternative career structure for those, including ex-Ministers, who prefer such work to shadow or actual Ministerial service.

The Civil Service critics are typified by Sir Anthony Part, former Permanent Secretary at the Department of Industry, who, in a recent Sunday Times article, emphasised the dangers of breaching commercial confidentially. In general, his views were more enlightened than most, particularly in suggesting the civil servants' interest and willingness to advise on improvements to the committee system.

His fears, however, can largely be discounted by any dispassionate study of the "sidelining" technique for deleting sensitive written material and the availability of private committee sessions.

For Ministers, criticisms of Select Committees are more diffuse and often related to historic antagonism. One Minister remarked at the end of a lengthy and inconclusive session as we left the Committee Room: "Well, you got damn-all out of me."

A more subtle but equally suspect view is Mr. Michael Foot's suggestion that Select Committees create two classes of MP. As the whole point of Select Committees is to prepare reports for the House itself, this is hardly a convincing argument and must join the list of personal prejudices which explain the attitude of many Ministers.

Some of the Press criticisms are more telling. They point to the ritual nature of some of the proceedings in which MPs, with many other commitments, depend heavily on questions prepared by part-time advisers. But the basic advantage of questioning civil servants as well as Ministers, remains. Moreover, recent examples of reports on the Ryder plan for British Leyland and on British Steel show an increasing awareness by MPs of their role as the taxpayer's representative, while the Press itself has played a considerable part in supporting this tougher attitude in the search for more open Government.

In general, this search cannot be divorced from the wholesale reform of Parliament which is currently preoccupying the Select Committee on Procedure. But this massive task will not be speedily accomplished and it suits opponents of Select Committee reform to argue for indefinite delay.

While the role of Select Committees cannot be separated from other aspects of the reform of Parliament, for example, in merging at least part of the proceedings of Select and Standing Committees to provide proper scrutiny of legislation, in the broadcasting of Parliament, including committees and in the appointment of an Ombudsman for the nationalised industries, such developments will take time.

One immediate change which could improve the Parliamentary watchdog function of Select Committees is the appointment of permanent advisers. This is already the case for the Select Committee on Defence which has two full time civil servants seconded from the Comptroller and Auditor General's office. The extension of this scale of manning, drawn from outside sources as well as the Civil Service, could be achieved at an annual cost which represents a fraction of the daily loss by several of our nationalised industries.

The addition of permanent advisers is, in any event, an essential development if, as seems certain, Select Committees move progressively towards total cover of each individual Government department. Almost all committees take on part-time advisers for particular inquiries, but their expertise is often lost when the inquiry is completed.

The immediate advantages offered by permanent advisers can be summarised in four ways. First, pending substantial legislative reforms to improve the relationship between Government and nationalised industries, Select Committees could be used on a much more effective basis as "friends at court" by nationalised industries.

Second, civil servants would have greater opportunities to indicate their equally valid difficulties in facing political pressures. They would also have better opportunities to display the generally high standards and dedication which should give them little cause for fear from more public exposure.

Third, MPs would have to show even greater willingness to grasp the nettle of industrial change in the national, as opposed to purely constituency, interest.

Finally, permanent advisers would provide a much better chance of establishing an early warning system. It is hard to escape the conclusion, based on bitter and direct experience, that such a system could have saved the taxpayer many millions of pounds if Parliament had been alerted earlier to the deteriorating affairs of the Crown Agents as well as large parts of our industry—both public and private.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Centre for design of complex circuits

SMALL is beautiful in electronics because the smaller the device the less current it takes, the faster it goes, and the less heat it produces.

In computers, which can use several thousand such devices, heat dissipation and compactness have now become critical and contradictory. This is because modern logic and circuits can work at such high speeds that the length of interconnecting wires has a major influence on operating characteristics.

This demands compactness. But at the same time rapidly operating devices run hot and it demands a fine balance of design to accommodate the need to protect heat-sensitive circuitry and at the same time make it go as fast as possible.

Meanwhile, technology has been galloping ahead with entire computers formed on a small slice of active material only a quarter of an inch square.

Such units are not comparable with the large machines which run bank networks or predict the weather. But it is only a matter of time before the technology on which they are based penetrates deeply into the world of the large computer. This is why ICL is developing its own large scale integrated circuit expertise.

Silicon

Unveiled for the first time yesterday at West Gorton is the plant which ICL has been building and commissioning since the go-ahead was announced in November, 1975. For 15 months a plant to make high-purity silicon on which the whole of the integrated circuit process is based has been operating. Output is now 5,000 two-inch silicon wafers a year.

Progressively, pilot lines for the manufacture of more and more complex logic devices have been set up in conditions of clinical cleanliness.

There is still some way to go before ICL can use the plant as it intends. But by mid-79 it should be ready for the computer designers to move in and lay down the plans for the machines of the next decade.

This is an immensely expensive operation, possibly around £8m., but it is a necessary one if the company is to be around in the 1990s.

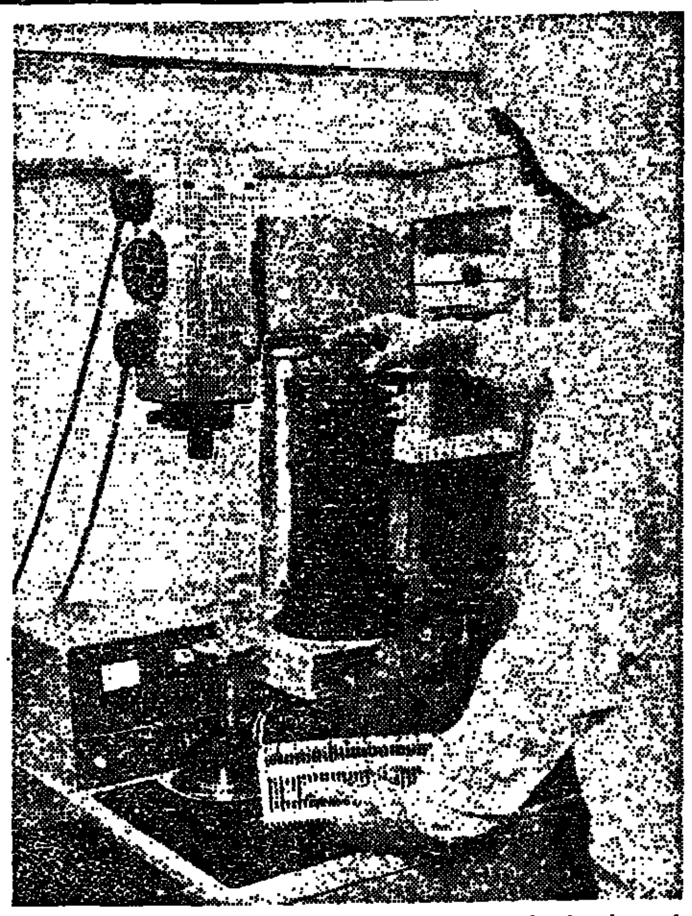
The question can be asked why ICL should not tell device suppliers like Motorola and Plessey exactly what it will be needing. (Plessey has indeed provided valuable assistance on the ICL project largely based on Plessey technology and Plessey will be the preferred supplier.) The answer is that development times are lengthening as the designers demand more complex circuits.

In this way ICL is gaining time by being able to specify its designs accurately. At the same time computer engineers are moving into the heart of the problem by extending their ideas into the circuit chip where before this operation stopped at the level of the printed circuit board.

ICL already has long experience of automated design aids and will be employing these extensively in the West Gorton circuit plant.

This is not a production unit but a development centre. It will, however, provide standby capacity should there be a shortage of some vital component, as can often happen in the electronics industry. It is an essential ingredient of ICL's development plans.

TED SCHOETERS



Clinical cleanliness is demanded of companies operating in advanced microelectronics, as can be seen in this shot of a technician positioning a photographic pattern on a camera unit which will transfer it to the surface of a silicon wafer. ICL at its West Gorton computer development centre is now operating what is probably the most modern large-scale integrated circuit centre in Europe.

● COMMUNICATIONS

ITT into facsimile

FORESHADOWED on this page in December, ITT's move into facsimile machines has been formally revealed to be a tie-up with a subsidiary of oil giant Exxon called Qwip.

Qwip, started by Exxon three years ago as part of a diversification scheme, has already sold 10,000 machines in the U.S. and is understood to have nearly 50 per cent. of the market there.

ITT Business Systems has taken the basic scanning system from Qwip's "six minute" machine and revised the electronics to produce a CCITT Group 2 device, that is one able to transmit a picture in two minutes to European standards. Brand name is Telefax.

Basis of the unit is fibre optic reading, with writing on electro-sensitive paper: scanning is helical on the usual rotating drum. The reading head uses four fibres from a light source to illuminate and one to capture the reflected light. Analogue audio modulation technique via a built-in modem sends signals down the line.

Apart from the transmission speed, which ITT claims is not matched by any competitor's machine for the rental of £45/month, the system is truly portable.

Telefax measures about 19 x 8 x 7 inches and weighs only 17 lbs. It is normally connected via a jack plug to a phone line, although the company will be offering an acoustic coupler in the near future so that the machine can be used virtually anywhere.

Through its eight locations and 300 strong sales department, ITTBS is presenting Telefax as a piece of office equipment—like a typewriter or copier. Maintenance will consist of replacing the whole machine.

Thus, ITT has declared war on Rank Xerox (market leader), Muirhead, Kalle Infotec, Plessey and Siemens in a U.K. market worth about £16.5m. in 1977 and expected to become £32m. by 1980. A 30 per cent. share is the aim.

GEOFFREY CHARLISH

Units for paging

A NUMBER of new items of transmission and reception equipment for radio paging have been announced by Multitone and are to be introduced at "Communications 78" in Birmingham, April 4 to 7.

RA 106 for example, is a high performance fm tone and voice receiver for belt or pocket use. It operates with the company's fm mid-band or high band two-tone systems having up to 870 receivers and is suitable for both on-site and extended range use.

Following in the footsteps of the RB 111 digital receiver adopted by the Post Office for the London paging service and the earlier model for Bell Canada—of which 17,000 have been ordered—the company is introducing a "second generation" of digital receiver which gives a visual numerical display as well as eight distinctive "bleep" call codes. It can be used in systems ranging from 10 to 100,000 units, on-site or over a wide area, and is called RB 151.

There is also a new encoder coming on to the market, E80 in which considerable size reduction has been achieved by the use of microprocessor control.

More from 8, Underwood Street, London N1 7JT (01-253 7611).

● PROCESSING

Big range of units

LAUNCHED in the U.K. Philips via Pye Ether Stevenage, is a very compl[e] range of process control un[its] which can be put together as [a] system tailored to a wide vari[ety] of applications.

Called PCS 700 it includes [a] dozen different sensors coveri[ng] most industrial paramete[rs,] transmitters, power suppli[es,] function modules, cont[rol] stations, recorders, indicato[rs,] output signal converters and the necessary final elements su[ch] as valves and actuators.

Controllers have a 144 x [...] front panel on which is moun[ted] a dual bar graph display show[ing] the value of the process varia[ble] on the left and the set point [on] the right. Resolution is 0.5 [per] cent. A short horizontal line [of] 21 LED lamps along the bott[om] shows the percentage output [the] controller is delivering.

Basic controller can have c[on]tinuous or stepped output. It [has] a built-in two wire transmit[ter] power supply, ability to prov[ide] 4 to 20 mA or 0 to 10 V sign[al] facilities for external setting [of] the set-point, intrinsically s[afe] inputs and outputs, and compl[ete] separation of input and out[put] by opto-isolators.

A more complex control[ler] designated "U" can deal, [for] example, with triple process [in]puts and ratio control or [net]work to a computer for both [set] point and direct digital contr[ol].

Field transmitters are av[ail]able for all important proc[ess] variables, housed in rugged ca[ses] and suitable for pipe or w[all] mounting. Two terminals [are] used into which power is fed [and] from which the signal is s[ent] along a two-wire link [to the] controller or control room.

Transmitters can also be p[ro]vided in 19 inch rack form [to] accept signals from ther[mo]couples, resistance thermomet[ers,] strain gauges and dc signals.

By the use of opto-isolator[s] signal circuits and power supp[lies] that are provided with galva[nic] separation, all activities in [the] control room can be isola[ted] from the field. The techni[que] also allows the more conveni[ent] 0 to 10 volt signals to be used [in] the control room rather t[han] 20 mA and can in addition [pro]vide a more stable square [root] extraction.

Triple and single t[...] recorders are included in [the] range, employing a maintenan[ce] free feed-back system and u[p to] eight hours of recording. M[ore] from Caxton Way, Steven[age,] Herts (0438 4422).

● INSTRUMENTS

X-ray check in field

ORIGINALLY developed for bomb disposal teams for looking at packages believed to contain explosives, the SA 93 portable x-ray unit from SAS Developments is now available for more general use.

Its compactness (620 x 270 x 410 mm) and reasonable weight for this kind of equipment, 26 kg, should lead to field use in forensic work, materials, inspections, non-destructive testing and some medical applications.

X-ray intensity is adjustable from 120 kV to 150 kV using a four position switch and the rays are emitted as a single 100 nanosecond pulse, which will not affect normal unexposed photographic film. The unit is fully shielded and cannot harm the operator provided that normal safety procedures are observed.

SA 93 is designed for use with 4 x 5 or 10 x 12 inch cassettes and Polaroid film with special emulsion available from SAS. The film can be developed on site, in normal daylight, producing positive radiographs in a few seconds. The unit is equipped with nickel cadmium batteries and a charger.

More from Vernon Place, WC1B 4DF (01 4045711).

● METALWORKING

Advance in brazing

A NON-CORROSIVE process for joining aluminium that could help broaden the weight reducing efforts of the automotive industry, and extend the use of aluminium into several other fields, has been announced by Alcan Aluminium in Canada.

After seven years' work at the company's research centres in Canada and the U.K., a process called Nocolok has been developed which eliminates the current method of post-brazing cleaning to remove highly corrosive flux residue.

Alcan says the tightly-bonded Nocolok flux residue has no measurable effect on heat transmission characteristics, and the "as-brazed" surface is compatible with Freons, oils and engine coolants. It also provides an excellent base for painting and can be directly chromate conversion coated, or electro-coated, without pretreatment.

Nocolok flux is a white potassium fluo-aluminate powder which is essentially insoluble in water. Applied as a waterborne slurry it adheres sufficiently well to permit handling and transportation of parts. Treated parts can be stored for weeks before brazing.

Testing has included trials with heat exchangers installed in test vehicles, in oil coolers, radiators, air conditioning evaporators and condensers.

Alcan says its engineers have estimated that the use of an aluminium radiator brazed with the new process, and complementary parts, would take up to 8 lbs. off the weight of a conventional North American passenger car.

Similar use in heavy transport trucks could account for much greater weight savings, the company said. The new process is also considered to have applications in agricultural and industrial equipment.

The Nocolok process will be available in the U.K. from Alcan Plate, Kitts Green, Birmingham (021-783 4020).

● SECURITY

Digits give access

ANOTHER of the U.K.'s leading security companies, Warshaw, has introduced a digital door lock.

Known as Memorilok, this mains operated device has no tumbler switches or plug connectors for changing the access code.

There are two units, a keypad for mounting on the outside, angled to prevent overlooking, and a control box mounted on the inside of the room or premises to which access is to be gained.

The person authorised to change the code uses a key-switch mounted on the control unit; when turned to "on" this enables him to enter the new code on the keypad outside whereupon a green diode lamp tells him the code has been accepted. With the key returned to "off" the unit becomes operational only on the code entered. Correct key depression by an intending entrant will operate an electric lock powered from the control box.

The company claims that it is impossible to find out the code by tampering with either the key pad or control unit.

More from 1, Westgate Street, London E8 3BR (01-986 6321).

Keeps doors secure

A VARIANT of the "broken beam" intruder detector technique has been used by Euro-switch in a device to prevent the unauthorised opening of steel doors.

Flush mounted in the architrave is a light emitting diode which emits a coded infrared beam. Similarly mounted in the edge of the door itself is a reflector with a specific shape which returns the signal to a detector diode mounted next to the emitter in the architrave.

Provided that the returned signal is correct in terms of phase, frequency and amplitude, no alarm will be given. But if the door is opened, or if any attempt is made to interpose a plane reflector in the clearance gap, triggering takes place.

Light emitting diode, integrated circuit and photo diode are housed in a 15 mm diameter body while the reflector is 22 mm across and of "unique design."

The device, called Iroswitch, has the secondary benefit of being able to detect a fire in close proximity, due to the infra-red sensitive photocell. More on 01-393 3015.

● HYDRAULICS

Diagnoses faults

RAPID DIAGNOSIS [of] hydraulic circuit faults [in] mobile, marine and indust[rial] systems using mineral oil-ba[sed] fluids can be carried out [with] the Hydrotrac test unit.

The basic unit consists o[f a] direct reading flowmeter [cali]brated 2 to 25 gal./min. co[nnected] to a manifold on which [is] mounted a glycerine f[illed] pressure gauge calibrated [0 to] 3,000 psi, and a dial ther[mo]meter 0 to 100 deg. C.

Flow is controlled by an a[...] restrictor valve at the ou[tlet] which may be adjusted u[p to] full load from fully open [to] fully closed. A safety blow[-out] plug operating at 3,750 ps[i is] fitted to the manifold.

For more accurate readi[ngs] at low flow rates an altern[ative] flowmeter rated from 0.5 to [...] gal./min. can be fitted to [the] manifold. There is also an a[ddi]tional pressure gauge calibr[ated] 0 to 500 psi. Accuracy is st[ated] to be within 4 per cent. of [full] scale for the flowmeters and [...] per cent. of full scale for [the] pressure gauges.

Details from the maker, [...] International, P.O. Box 3, In[dus]trial Estate, Thetford, Nor[folk] IP24 3RT (0842 4251).

● STORAGE

Containers resist weather

NOW AVAILABLE as specials from Ashton Containers, are extra tough weather resistant versions of Octabin, Tupabin and Covpak one-trip bulk containers.

With double the compression strength of the standard versions, the containers are fabricated from wax-saturated double-wall corrugated fibreboard, and are claimed to withstand wide variations in climatic conditions.

Th units are delivered flat, preprinted to customers' requirements. It is claimed that the one-trip containers can reduce packaging costs by up to 40 per cent.

Details from Ashton Containers, Clay Cross, Derbys. (0246 863737).

● RADIO

Increases range

UNUSUAL aspect of an omni-directional high frequency radio transmitting aerial put on the market by Technology for Communications International (TCI) is that it gets away from the radiating tower principle and is, in fact horizontally polarised.

Operating over the frequency range four to 30 MHz, the aerial is designed for long distance transmission (over 1,000 km) and has a gain of 7 dB at 4 MHz rising to 10 dB at 30 MHz.

Use of horizontal polarisation eliminates the ground losses found in most vertical structures and there is no need to instal a metallic ground screen; the aerial, called Omni-Gain, performs well regardless of the nature of the site terrain.

The design provides a substantial vertical aperture that tailors the radiation angle as a function of frequency. It is composed of two related four-sided curtains, one stacked upon the other.

The azimuth plane pattern is circular to one degree and the take-off angle is 27 deg. at the low frequency end, nine deg. at the high. The radiator can handle 25 kW average power. Height is 120 feet.

More from 5a, Gregory Place, London, W8 4NG (01-937 2796).

● POLLUTION

Waste handling plant

BOVIS Civil Engineering has begun work on a £658,000 solid waste transfer station at Hurn West for Dorset County Council.

The contract, to be completed in 30 weeks, is for a two level structural steel framed building with trapezoidal steel cladding to house four refuse compacting machines plus weighbridge and access ramp and administration building.

When complete, the transfer station will be able to handle a throughput of some 300 tons of domestic refuse per day. Refuse will be compacted into steel containers and removed by road to disposal sites.

● CONFERENCES

● Speakers from five countries will discuss "Solar Energy for Industry" at a technical meeting organised by the U.K. section of the International Solar Energy Society on Monday, February 27, at the Royal Institution, London. Details on 01-493 6601.

● Rigid structural plastics foam will be the subject of a conference to be held at the Norfolk Gardens Hotel, Bradford, Yorks., March 14-15. Organised by the Yorkshire Section of the Plastics and Rubber Institute, papers will cover production by both moulding and extrusion. Details on 01-245 9555.

● At the Cafe Royal, London, on April 19, will be the Store Detectives' Seminar, organised by Benn Business Promotions. It will deal with the law, arrest, and police and court procedure. The same company is holding a Retail Security Conference at the London International Press Centre on March 30, intended for senior management and owners of retail outlets, which will deal with theft prevention. Details on 0732 863944.

● The financial and power losses caused by leakages in hydraulic and pneumatic equipment will be discussed at a conference to be held in London on April 6. Details on 01-242 2481.

● By agreement between [the] Financial Times and the [...] information from The Techn[ical] Page is available for use by [the] Corporation's External Ser[vices] as source material for its [over]seas broadcasts.

The Management Page

EDITED BY CHRISTOPHER LORENZ

A Saga of growth for the man who sells holidays to pensioners

BY NICHOLAS LESLIE

...Y-FIVE YEARS ago ...De Haan came up with ...of selling low-priced ...son holidays to old-age ...ers as a way of filling ...in Folkestone when ...holidaymakers had ...departed.
...proved to be a popular ...nd it laid the founda- ...a travel business which ...r generated a turnover
To-day the basic for- ...emains the same—the ...on offer are outside the ...ason and they are essen- ...stricted to women over ...men over 65. The ...though, are now much ...and range from a £33 ...stay in a British sea- ...rding house to a £6,500 ...ruise.
...asy to be cynical about ...vel business, given its ...ty to create dreams that ...to materialise and the ...lar failures that ...just a few years ago. ...Sidney De Haan's ...Saga Holidays, some- ...nages to avoid being ...by these particular ...This is partly because ...ompany's efforts to take ...mely independent line. ...g holidays outside the ...season and thereby ...the pressures felt by ...iod operators, is another ...But it is also due to ...nciples on which the ...was founded, particu- ...respect of financing ...control of growth, and ...ttitudes it tries to en- ...among all of its em-

...blems

...hat it can—or perhaps ...en want to—claim that ...o not go wrong. For ...last year there were ...ases of customers not ...to the right place at ...time. But these were ...ely to administrative ...s arising from the ...'s move into new head- ...and the bringing on ...of a computerised ...or organising bookings ...el arrangements.
...De Haan's approach ...ss is highly individu- ...Consequently, he has ...t the need to look to ...the travel trade for ...n or help. Nor has ...een more than mildly ...to pitch into the main- ...f the package holiday ...He takes the view ...n a potential current market of over 8m. people there is no sense in moving away from what he knows best. His attitudes have not always endeared him to the rest of the trade and it is no secret that little love is lost between him and the large majority of travel agents, a situation created largely by the fact that many agents, in the halcyon days of the package holiday, were not interested in the very low-priced deals with a minimum of commission that Saga offered.

As an alternative to agents, therefore, Saga has built up a formidable range of contacts. It includes affiliation of over 30,000 clubs with Saga (ranging from bridge and coffee morning clubs to those set up by companies for their pensioners), contacts with local authorities and agencies for the elderly, and the Saga Club. This latter organisation is perhaps the most significant factor in the company's ability to sell holidays since it now has a membership of over 430,000, virtually all of whom will have been on a Saga holiday. And given that around 80 per cent. of Saga's customers each year are people who have *holidayed with the company* before (on average, people take three holidays with Saga) the company must receive a very high positive response from its promotional efforts.

Sidney De Haan comes across as someone who has studied his customers closely. More than anything, he says, they have loneliness in common and are therefore looking for companionship. Also "it is important to give them interesting things to talk about." Therefore, holidays are designed not only to afford customers the opportunity to visit interesting places, but also to give them plenty of time to do so. Whistle-stop tours are definitely excluded.

Because elderly people look for something of interest, together with companionship they are more flexible about where they will go—an important factor (which the company acknowledges) in being able to persuade customers to take alternative locations if a particular resort is fully booked. The elderly are also more adventurous, says Sidney De Haan. And this, among other things, has enabled Saga to exploit holidays on various of the university campuses in the U.K. during the summer breaks where, as well as a traditional holiday, the customers can also, for example, enjoy bridge tournaments.

But if elderly people are more flexible, they also require more personal attention, which means that Saga's administrative set-up has to be larger than would otherwise be the case. The elderly are more painstaking in organising their holidays, tending to ask many questions about where they should go and how they should get there. As a result each person corresponds with the company, on average, seven times, which is more than twice the industry average.

The number of people Saga employs to answer such queries is greater than it might be simply because Sidney De Haan insists that replies should be as personal as possible.

At each hotel it uses, Saga employs a nurse, and at some there is even a resident vicar.

This attention to detail is also *reflected in the company's staff* training programme. It is policy to take in young people straight from school or—in limited numbers—from universities and to educate them in the ways of the company. At sometime or other all employees go out to meet the customers as part of a programme of ensuring that they understand who it is the company deals with. These meetings may, *for example*, take place at film screenings which the company arranges from time to time at cinemas around the country.

Mr. Sidney de Haan, chairman of Saga Travel (left), and the company's managing director, Mr. Roger de Haan.

In recent years, the company, *which is to shed its status as a* private concern by going public before the summer, has grown rapidly. Between the years ending June 1975 and June 1977, pre-tax profits rose from £342,000 to £1.35m., on a turnover up from £4.3m. to £13.1m. This growth has put a strain on the company, not least on its management and management systems.

However, as Roger De Haan, managing director of the company and the son of the founder, says, the directors have been aware of this. A new layer of management, just below Board level, was introduced a few years ago, bringing in from outside a new group accountant, a data processing manager, and an operations *manager to head a new depart*ment devoted entirely to organising travel arrangements. Previously there were two different departments: for U.K. travel and for foreign travel and each handled both the bookings and arrangements of holidays, together with travel facilities.

A computer system was introduced when it was realised that the manual system of organising bookings—particularly when so much correspondence was generated by each—and their *concomitant* train, *air and* sea travel arrangements, would not be able to cope at the rate of growth being achieved.

At the heart of Saga's ability to grow is not only the extremely close contact with existing and potential customers, but also a financing system that ensures the company cannot overreach itself. By expanding very carefully and by prudent use of resources a very large "core" of money has been generated which is kept constantly invested in local authority securities. The essential idea, worked out by Sidney De Haan, and clearly his absorbing interest, is as follows:

The company always uses the cash reserves built up over previous years—and not overdraft money—to finance each current year's trading. Thus, for example, if it had £5m. at the end of the 1976 trading year it might set aside £1.5m. for 1977 working capital, leaving the balance invested with local authorities. The sum of £5m. is determined by the company knowing what level of bookings it will have throughout the year, when and how much cash will be coming in and going out at any given point; and therefore the maximum amount of cash it will need at any one time.

At the same time, the growth target set each year is partially determined by the amount it is felt prudent to set aside from the cash reserves for working capital. The company is helped in this whole process by the fact that pensioners tend to book early, especially for *repeat holidays*.

This brief explanation of Saga's financing tends to present it as a very simple system. Basically it is, but it is a form of financing which is probably not widespread among companies in the U.K. Investment income clearly forms a significant part of the company's pre-tax profits each year, but according to Sidney De Haan, a *heavy fall in interest rates does* not materially affect the company since it requires only a marginal increase in holiday rates to compensate.

Favouring State support for strikers' families

Financing Strikes by John Gennard. Macmillan. £8.95. 184 pages

IN THIS short book, John Gennard, a lecturer at LSE, has effectively demolished the arguments of those popular newspapers and politicians who wish to remove or limit supplementary benefit paid out to strikers' dependants (and, in certain circumstances, to strikers) in the belief that this would reduce the number of strikes.

Pattern

It is true that state support to strikers and their families which in one form or another has existed for over a century in this country and also occurs in other comparable countries, increased during the late 1960s and early 70s; and that in 1972 (the worst year for disputes) it cost the country £8m. But the increase reflected a change in the pattern of strikes. Until the late 1960s the overwhelming majority of strikes were short and unofficial—and, as most *strikers are not entitled to claim* benefit until they have been out of work for at least two weeks, *the* percentage of strikers entitled to benefit never rose above 25 per cent., and even went as low as 2 per cent. With the increase in the number of longer, official strikes (particularly in the public sector) in the early 1970s the percentage of those entitled to receive benefit inevitably rose, though they remained a minority of all strikers.

Gennard shows that, despite the increase in the numbers entitled to receive supplementary benefit, the percentage of those eligible who actually received benefit was low, ranging from between 37 per cent to 12 per cent. Even in 1971, when the take-up rate was higher than before, two-thirds of those involved in disputes lasting at least two weeks did not receive benefit.

Furthermore, supplementary benefit plays only a minor role in the budgets of those on strike. Gennard contacted workers involved in two disputes — the postal strike of 1971 and the Chrysler maintenance electricians strike of 1973. Only a small minority in either dispute knew they were entitled to state benefits. As things turned out, in the Chrysler strike supplementary benefit accounted for less than 1.5 per cent. of the total income of the average strikers' households. It was more important for postmen, as their union's strike fund was totally inadequate. But even so, less than 15 per cent. of their income came from the state.

Interestingly enough, apart from strike benefit paid out by unions, the major source of income appears to come from the strikers' own resources, and from the employers with whom *they are in dispute. Strikers run* down their savings, defer their hire purchase and mortgage insurance and live off their wives' earnings—and they receive back-pay and tax rebates.

Risks

The author is right to conclude that "there is little point in making a fundamental change in *the provision of supplementary* benefit to striker households." If supplementary benefit to the dependants of strikers was either reduced or removed, it would risk dividing citizens into "deserving" and "undeserving" categories — thus breaching a fundamental principle of the welfare state. There is also no evidence that a radical alteration would affect strike behaviour which is largely shaped by other factors, such as the state of the labour market, government policy, and the pattern of industrial relations, particularly at shop floor level. What is certain is that any government which introduced changes of this kind in the benefit system would put at risk its relationship with the Trade Union Movement, with few compensating gains.

Giles Radice

Cashing in on safety legislation

BY RHYS DAVID

...CH tougher legislation ...ming into effect in ...o safeguard employees ...is proving a headache ...companies, but for ...presents a golden ...ity.
...own for its 530 dry- ...shops, Sketchley is ...this year to see ...of its activities bring ...profits — the supply ...wear." It is through ...wear activities that ...expects to make in- ...o the U.K. market for ...d other similar equip- ...ich is now estimated to ...£140m. a year.
...4,000 companies and ...workers in British in- ...eceive their overalls ...k from Sketchley's hire ...and although in this ...etchley has to yield first place—to the Initial and Advance linen hire and workwear businesses (owned by British Electric Traction)—the company's growth has already been fast. Last year saw the landing of a plum contract for the supply of overalls to Ford's 55,000 U.K. employees, a deal estimated to be worth more than £700,000.

The workwear business is run by Sketchley from a network of nine centres in the main U.K. industrial areas. "The supply of safety equipment is highly fragmented," Gerald Wightman, chairman and chief executive of Sketchley, claims. "There are a lot of small firms supplying the market and often offering only a limited range of products. Each industrial centre has one or two local companies but there are not many people providing a national service."

Sketchley believes that as legislation takes effect the demand from within industry *will increasingly be for a more* co-ordinated approach to the supply of safety equipment. Major companies have now begun to appoint senior managers to take charge of safety on a group basis, instead of leaving the task to more junior staff at individual works. The new breed of managers, Wightman believes, will want to talk to a big organisation which can advise them on safety equipment and undertake to supply a whole range of items rather than individual products for ear, eye, hand or foot protection.

Sketchley, which had sales of *£16m. in the first half of its* present year and profits of £1.8m., will use its regional centres as bases for its bid to break into the safety equipment market but, Wightman stresses, it will not simply be a case of trying to flog gloves and goggles along with the week's supply of clean overalls.

Specialists

A team of specialists has been recruited with experience in the safety equipment field, and a warehouse in Hinckley has been filled with a whole range of items from ear muffs to heavy duty foundrymen's boots with quick release mechanisms in case of molten metal spillages. Altogether some £300,000 capital investment is envisaged during the first 12 months of operation for Sketchley Safety Services, which will be run, along with workwear, as part of the company's industrial services division.

The move comes less than a year after the failure of *Sketchley's* attempt to take over its arch-rivals in the dry-cleaning business, Johnson-Bollom, but Wightman claims safety equipment is not a substitute for a bigger stake in dry-cleaning. The extra shops which would have come through a merger were, as Wightman points out, only part of the attraction of Johnson. Sketchley had its eyes mainly on the spare capacity which it believed to exist in some of Johnson's regional depots, and which could have been used to expand the workwear operation. The bid's failure has obliged Sketchley to buy a factory at Basildon and to go ahead with a new regional depot at *Basingstoke in Hampshire*. Other additions to the existing chain, which now reaches as far north as Glasgow, are planned.

There are dangers, Sketchley admits, that the industrial safety field could become oversubscribed with a number of other groups also deciding it offers good growth potential. Some of the other workwear hire groups are already involved, or surveying the market, *and a number of textile com*panies have also seen it as an attractive area for diversification.

Sketchley will not, however, be involved itself in the manufacture of safety equipment but will be bringing it together from various sources including overseas. Industrial gloves, the most important safety equipment item, will come very largely from the Far East (Hong Kong in particular) and East Europe.

The development, if successful will give Sketchley a broader base as a supplier of industrial services and will reduce its dependence on dry-cleaning and its traditional textile activities.

LOMBARD

Putting a monkey on the Board

BY ANTHONY HARRIS

THE FIRST round of evidence to the Wilson Committee, on the provision of finance for industry, left the City looking pretty effective, although more than a little smug. Now Sir Harold's attention has turned to the control of investment and of company activities; and some of the early evidence from the Institutional Shareholders' Committee and the CBI shows a business world that is even smugger than before, but this time, so far entirely ineffective. If Sir Harold is hoping to find paydirt, he should dig here.

The new submissions are overwhelmingly gentlemanly, and show any amount of goodwill on both sides; but once you strip away all the expressions of mutual regard, and the desire to improve communications (a phrase much loved by those who may have something to hide) a remarkably puny proposal emerges. Boards should try to get hold of three outside directors apiece.

What good?

The CBI and the ISC both promise to assist the search for suitable persons, which is some advance at least on looking them up in Debrett's; but it is not at all clear what good they are supposed to do. They are certainly not supposed to keep institutional shareholders regularly and fully informed about the affairs of the company, because as the CBI points out, that would turn the institutions into insiders, and once that happened, any dealings in the shares would become a criminal offence.

In all normal times, then, the outside directors would be, so far as their sponsors are concerned, three wise monkeys, seeing no evil, hearing no evil and speaking no evil. If things got desperate, it is true, they could propose a special consultation with the major shareholders, who would "naturally," according to the CBI, have to undertake to suspend dealings when they were given the inside information.

It is only too easy to imagine the reluctance of outside directors to take such a step; the whole set-up makes it almost impossible for them to do the job that is really needed—to get pressure brought to bear on companies when problems are just beginning to appear, rather than waiting until they are virtually incurable. What is more, the institutions will not necessarily be attentive when their nominees do sound the alarm bell. The position of a pension fund which declined to be informed, but sold out in response to the invitation, would make a tricky case under the new law on insider dealing.

If this problem proved no more than that the proposed law is an ass, as I have argued before, then the Wilson Committee could simply propose as a matter of urgency that it should be dropped—though so much moral outrage has now been invested in the Bill that the idea that deals between consenting adults are no concern of the law is probably too radical to stand a chance. However, the question of insider dealing is only incidental. The real difficulty arises from institutional determination that freedom to deal is not only a substitute for management involvement, but a vastly preferable substitute.

The right to sell the duds is naturally precious to the individual investment manager; but it is not a right which can sensibly be claimed on behalf of the investment institutions collectively. It makes as much sense as a TUC demand that all unions are entitled to get more than the average wage increase.

It is almost impossible to persuade anyone in the investment industry of this argument, but the logic is simple enough for a child to follow. It rests simply on the fact that in every one of the past 20 years or so, the institutions have been large net buyers of stock. If you insist on your right to sell dud stocks, you are also insisting on the proposition that there is always some mug ready to buy them; and on the figures that mug is almost certain to be another institution. There is a certain cynical attraction in the proposition that all institutions are stupider than all others, but it isn't logical. Collectively, there is no escaping the fact that the savings institutions are locked in to the equity of British industry. Outside directors may or may not be available, but the supply of outside mugs ran out long ago.

This truth

It is only when institutional investors are prepared to acknowledge this truth—as the wiser among them privately do admit—that sensible remedies can be proposed. This might involve the establishment of a special class of management shareholding, in which the holder would give up the right to deal but gain instead the right to full information, a seat on the Board, and a right to convene a shareholders' meeting. Such a director could achieve more with a hint than a whole Boardroom of wise monkeys, and so provide at least one of the two things which British Boards so sorely need to motivate them: not the carrot, but the stick.

Praying for good news from Speke

BY ARTHUR SMITH, Midlands Correspondent

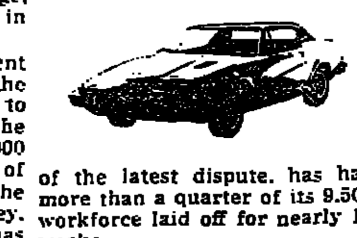
AROUND BRITAIN

COVENTRY

THE OUTCOME of to-day's mass meeting on Merseyside, when the 1,800 strikers at Leyland's Speke plant decide whether to end their 17-week stoppage, will be awaited anxiously in Coventry.

The gathering will present the first opportunity for the rank-and-file membership to express their views about the proposal to sack nearly 3,000 workers and switch assembly of the TR7 sports car to the Triumph Plant at Canley, Coventry. The meeting has been called to consider the immediate issue of a return to work, but the Coventry shop stewards will be looking for pointers to the Merseyside reaction to closure of the Speke No. 2 plant.

There is obvious satisfaction in Coventry that the initiative by Mr. Michael Edwardes, British Leyland's new chairman, offers the prospect of more jobs—though certainly not as many as the 3,000 to be lost on Merseyside as production targets are to be reduced. But the city is also conscious that Mr. Edwardes has taken a calculated gamble that could halt car assembly at Canley altogether. The Coventry plant, which assembles the Dolomite, is totally dependent upon Speke for the supply of body pressings and, as a result



of the latest dispute, has had more than a quarter of its 9,500 workforce laid off for nearly 17 weeks.

Leyland has taken a tough line in pointing out that the TR7 is unprofitable, and there are union fears that opposition to the transfer could lead to the model being abandoned. More seriously, the Canley stewards are aware that, if workers in the Speke No. 1 press shop give support to colleagues in the Liverpool assembly plant opposing the transfer of the TR7 the Dolomite could also be placed at risk.

Demand for the Dolomite has been disappointing and, though a profitable product, speculation has been rife at Canley that Leyland is about to drop the model. There are plans to face-lift the Dolomite and extend its life well into the 1980s but the fears remain.

Mr. Edwardes' decision to transfer the TR7 has posed difficult moral and practical problems for the Canley stewards. In terms of trade union loyalty there is a powerful case for the Coventry plant refusing co-operation, but the stewards cannot count upon the support of their membership for such a stand.

Leyland stewards have traditionally refused to accept the transfer of work without the prior agreement of the workforce affected. In recent months Canley has benefited from the practice. It was opposition from Rover shop stewards, at Solihull, that persuaded the company to drop plans to switch assembly of the Dolomite to the Birmingham plant.

In the words of one senior steward: "For us to go back on the idea of supporting fellow trade unionists would be unforgiveable. There are already enough divisions among the Leyland unions. If we do not stand by Speke the company will pick us off plant by plant and we are all finished."

The private hope at Canley must be that the Speke workers will not put such loyalty to the test and will agree to the redundancy terms. For there can be no mistaking the rank and file hostility of many Canley workers to the Speke argument for keeping the jobs on Merseyside. In the pubs and clubs the Canley men complain that production of the Triumph sports car should never have been transferred from Coventry and that the Merseysiders have brought the trouble upon themselves by low productivity.

Certainly a poll of the 2,500 workers still laid off because of the Speke dispute would produce a landslide majority in favour of taking the TR7. Men arriving at the Canley plant

yesterday to collect tax rebates were bitter about their enforced idleness and the hardship it has caused.

Numbers drifting away to find work elsewhere have been minimal, but that is only because the jobs are not available in Coventry at the moment. "Morale is so low that, given the chance, there would be a mass exodus from Canley" the workers complain. Coventry, the symbol of the once-prosperous U.K. motor industry, is only now recovering from the impact of the financial collapse of both British Leyland and Chrysler U.K. in 1975.

Unemployment in January and Ferbuary, at 5.8 per cent., has fallen below the national average for the first time for nearly four years. But, with around 60 per cent. of the working population concentrated in manufacturing industry, there is concern within the city about its restricted economic base. Like other towns in the West Midlands, Coventry complains that it has been starved of growth industries by the rigorous application of Governmental regional policies.

However, the City Council in its quarterly review of the local economy, just published, takes some encouragement from signs of an upturn in activity. Attention is drawn to the improvement in the number of job vacancies, investment, the property market and export orders.

The decision by Chrysler to switch production of its new light car, planned for next year, from Linwood, Scotland, to its Coventry plant at Ryton has given a boost to the city's self confidence. The move could mean a considerable increase in employment at Ryton where the 1,400 workers have won praise for the consistent output and quality of the successful Alpine model.

Around a dozen large scale concerns including GEC, Massey-Ferguson, Dunlop and Rolls-Royce, account for almost 80 per cent. of the total employment. Not until such companies begin to take on labour in significant numbers will the local economy really start to move. It is against a background of emerging, but still fragile, business confidence that Coventry will await news from the Speke strikers.

Dighton pictures fetch £50,000

SALEROOM

BY ANTHONY THORNCROFT

THE ORIGINAL watercolours of the 18th century artist Robert Dighton were in demand at Sotheby's yesterday with a collection of his works making £50,960. Many prices were above estimate.

Dighton prints were popular in the late 18th century and his publisher, the London firm of Carrington Bowles, bound all the originals in an album which remained in the print-seller's family until 1953, when it was sold at Sotheby's to the London dealer Sabin for £720. Sabin sold it immediately to the late Mr. Jeffrey Rose for £900, and now it has been split up and the watercolours dispersed.

Dighton portrayed 18th century England in all aspects. The top price yesterday was £3,000 from Baskett and Day for a pair, Pheasant Shooting and Snipe Shooting. The price was double the estimate.

A set of 12, depicting scenes from Tristram Shandy, made £2,400, and Edmonds, a London dealer, paid £1,700 for a pair Death and Life Contrasted and Life and Death Contrasted.

Top price yesterday was in Sothby's jewels sale which realised £21,431. A 19th-century set of an emerald brooch and pendant earrings was sold for £72.00. An emerald and diamond ring was sold for £12.00, and S. J. Phillips bought an emerald and diamond brooch about 19830 for £6,500.

At Christie's, South Kensington, in a customes auction, an officer's helmet and cuirase, of the Life Guards 1871 pattern, fetched £1,250. The Victoria and Albert paid £600 for a late 15th-century chasuble. It has the cope which goes with it. In oriental ceramics, a pair of early 19th-century Cantonese vases made £1,600.

In Bonham's sale of European pictures, a Boudoir interior by Henry Glindoni sold for £1,400 and a summer landscape by the pre-Raphaelite, Edward C. Booth, made the high price of £950.

A George III mahogany oval library table, with leather-lined top and 12 frieze drawers, was sold for £7,000 in a sale of English furniture at Christies, which totalled £55,785. It was bought by the London dealer Apter Fredericks.

A Regency mahogany break-front bookcase went for £2,500 and a late George II mahogany pedestal desk at £2,000 to Lita Kaye, a Hampshire dealer. Among a large number of international bidders, Svenson, the Danish dealer, paid £1,900 for a mahogany break-front bookcase.

A sale of fine Japanese ceramics, lacquer and bronzes in the same saleroom made £65,610. The sale's top price at £3,200—a 17th century Kakiemon balaster jar in iron-red and coloured enamels—was paid by Hasegawa, the Japanese dealer.

In other high-priced lots, London dealers had a slight edge against strong competition from the Far East. Spink paid £2,800 for a large Imari deep bowl and domed cover.

A pair of flattened, lozenge-shaped lacquer vases, decorated in Shibayama style, went to Noble Arts at £2,300, and Woods-Wilson paid £2,200 for a pair of Imari balaster jars with high dome covers surmounted by hawks.

Phillips is to expand into Europe with the acquisition of saleroom premises in Amsterdam. From March 1, the firm will operate salerooms at 38, Nieuwe Spiegelstraat, the principal "antiques" street of Holland's business capital, in 18th century premises which were formerly Wynne's auction rooms.

The move will give Phillips its first permanent salerooms on the Continent.

Profit 'the key to successful British bloodstock industry'

RACING

BY DOMINIC WIGAN

THE REPORT of the Joint Racing Board's working party on assistance to the breeding industry is published to-day. It makes fascinating reading for anyone interested in the bloodstock breeding industry.

The six-man working party, who set out last year under the chairmanship of Major Michael Wyatt to examine if the present methods of assistance to the breeding industry contribute most effectively to the improvement of the breed, have made detailed recommendations on alternative or additional methods of achieving this objective.

It will be extremely interesting to see the response they receive.

The Levy Board and the Jockey Club steward will make their decisions on the recommendations in the report after it has been discussed by the Racing Industry Liaison Committee and comments have been received from all other interested parties.

Until the implications of the determination of the 17th Levy Scheme have been assessed, the Levy Board is unable to say what finance will be available to implement the report's recommendations, should they be accepted in principle after consultation within the industry.

The working party, whose members include the tireless Bob McCreery of the Thoroughbred Breeders Association, has come up with some sobering facts and figures. "The quality of U.K.-bred horses is declining in the face of international competition," the report says.

It strengthens the claim by pointing out that the proportion of additional Pattern Races won by British-bred horses has been declining alarmingly—from 55 per cent. in 1971 to 38.5 per cent. last year.

It concedes, however, that "this is partly attributable to the increase in Pattern Race values which has attracted increased foreign competition."

Last year was, without doubt, a depressing flat season with an eye to the coming campaign, with four out of the five Group One juvenile events falling to U.S.-bred horses and only one-sixth of the horses in the 1977 International Classification (European Free Handicap) British bred.

The report goes on to comment on the lack of re-investment which it believes is due to a "shortage of money rather than lack of will to invest." The working party feel that profit is, principally, the key to a successful British bloodstock industry.

"Improved profits can be achieved by producing a strong market for British-bred yearlings. The industry must be capable of retaining bloodstock of the highest class and acquiring new blood lines from abroad."

Racing seems virtually assured of resuming to-day at Kempton, where Tiepolino and that apparently top-class recruit to the hurdling ranks, Norfolk Air appeal as best bets.

KEMPTON

1.30—Blue Streak
2.00—Tiepolino***
2.30—Woody Woodpecker
3.00—Serpent Prince
3.30—Southern Lad*
4.00—Norfolk Air**

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 a.m. Open University. 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.05 For Schools, Colleges. 3.20 Trem. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 The Clangers. 4.55 Crackerjack. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.40 Sportswide.
7.00 Cartoon Time.
7.10 The Wonderful World of Disney.
8.00 The Goodies.
8.30 Going Straight.
9.00 News.
9.25 Life At Stake.
10.15 To-night (London and South-East only).
10.45 Regional News.
10.46 The Late Film: "The Lost Continent."

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Sioncyn Sboncyn. 5.55-6.20 Wales To-day. 7.00 Heddiw. 7.25-8.00 Crufts. 10.15 Kane on Friday. 10.45-10.46 News for Wales.

Scotland—10.23-10.45 and 11.05-11.25 a.m. For Schools. 5.55-6.20 Reporting Scotland. 10.15 Spectrum. 10.45-10.46 News for Scotland.

Northern Ireland — 10.23-10.38 a.m. For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Perspectives. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) On Camera; Midlands (Birmingham) Shades of Grey; North (Leeds) Let the People Talk; North East (Newcastle) Watch This Space; North West (Manchester) Watchwords; South (Southampton) Conversation; South West (Plymouth) Peninsula; West (Bristol) The Past Around Us.

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School (as BBC 1 3.55 p.m.).
4.55 p.m. Open University.
7.00 News on 2 headlines.
7.05 Indoors Outdoors.
7.30 Newsday.
8.10 Kilvert's Diary.
8.25 The Money Programme: the role of auditors.
9.00 Pot Black 78.
9.30 Blackcurrent.
10.13 Horizon.
11.10 The Mayor of Casterbridge.
12.03 a.m. News Summary.
12.10-12.15 Music at Night by Poulenc.

LONDON

9.30 a.m. Schools Programmes. 11.54 Felix the Cat. 12.00 Song Book. 12.10 p.m. Stepping Stones. 12.30 Look Who's Talking. 1.00 News plus FT index. 1.20 Help! 1.30 Money-Go-Round. 1.55 Beryl's Lot. 2.25 Friday Matinee: "Prince Valiant." 4.15 Horse in the House. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Mind Your Language.
7.30 Maggie and Her.
8.00 General Hospital.
9.00 The Professionals.
10.00 News.
10.30 Police 5.
10.40 An Audience with Jasper Carrott.
11.10 Baretta.
12.05 a.m. Stars on Ice.
12.35 Close—Psalm reading by Neville Jason.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.25 Friday Film Matinee: "I Love You . . . Goodbye." 3.50 Out of Town. 5.15 Happy Days. 6.00 About Anglia. 10.30 Probe. 11.00 Friday Late Film: "Blueprint for Robbery." 12.35 a.m. Women Who Matter.

ATV

11.55 a.m. The Adventures of Parsley. 1.20 p.m. ATV Newsdesk. 1.55 Indoor League. 2.25 The Sullivans. 3.25 Beryl's Lot. 3.50 Stars on Ice. 5.15 Get Some In. 6.00 ATV Today. 10.30 The Price of Fear: "The Fly," starring Vincent Price.

BORDER

†1.20 p.m. Border News. 1.55 Betty Boop Cartoon. 2.00 Matinee: "The Stranger." 3.50 Beryl's Lot. 5.15 The Practice. 6.00 Lookaround Friday. 10.30 Wintersport. 11.00 McMillan and Wife. †12.35 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 1.55 Cartoontime (Betty Boop). 2.00 Beryl's Lot. 2.30 The Friday Matinee: "The Most Dangerous Man in the World." 6.00 Report at Six. 10.28 Channel Late News. 10.32 Late [illegible] with Danton. 10.50 Late Night Movie: "Brain Storm." 12.45 a.m. News and Weather in French.

GRAMPIAN

[illegible] 1.20 p.m. Grampian News Headlines. 1.55 Indoor League. [illegible] Matinee: "The Solid Gold [illegible]." 3.50 Beryl's Lot. 6.00 [illegible] 7.30 [illegible] MacLeod [illegible] Reflections, followed by road [illegible]. †10.35 Friday Film: "Of [illegible]" starring Burgess Meredith.

GRANADA

[illegible] This Is Your Right. 1.55 [illegible] Uncharted Frontier. 2.25 [illegible]: "The California Kid." [illegible] Lot. 5.10 This is Your Right [illegible] Lord Winstanley's [illegible] 5.15 Crossroads. 6.00 [illegible] 6.30 [illegible] Off. 10.30 [illegible] †11.00 Great Films of the [illegible]: "Inherit the Wind."

HTV

1.20 p.m. Report West Headlines. 1.25 [illegible] Headlines. 1.30 Indoor League. 2.00 Women Only. †2.25 [illegible] Danger," starring Trevor [illegible] 3.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Friday Film: "The Trygon Factor."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd. 10.35-11.05 Outlook.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 1.55 Betty Boop. †2.00 Friday Film Matinee: "Seven Thunders." 3.50 Beryl's Lot. 5.15 Pipe and Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 The Better Sex. 10.30 Ways and Means. 11.00 Late Call. 11.05 Feature Film: "City of Bad Men."

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 2.25 Friday Matinee: "Miles to go Before I Sleep." 3.50 Beryl's Lot. 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 58 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66 only). 6.30 Out of Town. 10.30 A Southern Report. 11.00 Southern News Extra. 11.10 "Lisa Bright and Dark."

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 1.55 Wish You Were Here . . .? †2.30 Friday Film Matinee: "Young and Innocent." 3.50 Beryl's Lot. 5.15 Mr. and Mrs. 6.00 Northern Life. 10.30 Sportstime. 11.05 The Friday Night Film: "Creatures the World Forgot." 12.40 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. †1.55 Friday Matinee: "Seven Thunders." 3.50 Beryl's Lot. 4.13 Ulster News Headlines. 5.15 The Brady Bunch. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 7.00 A Drop In Your Hand. 10.30 Two at 10.30. 10.35 Sportscast. 11.05 Friday Film: Lannigan's Rabbi followed by Bedtime.

WESTWARD

9.20 a.m. West Country Job Finder. 11.50 Look and See. 12.26 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.55 Cartoontime (Betty Boop). 2.00 Beryl's Lot. 2.30 The Friday Matinee: "The Most Dangerous Man in the World." 6.00 Westward Diary and Sports Desk. 10.28 Westward Late News. 10.35 Late With Danton. †10.50 Late Night Movie: "Brain Storm." 12.40 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 1.55 Betty Boop. †2.00 Friday Film Matinee: "Seven Thunders." 3.50 Beryl's Lot. 5.15 Calendar Sport. 6.00 Calendar (Emley Moor and Belmont editions). 10.00 News at Ten. 10.30 Great Films of the Century: "Inherit the Wind."

RADIO 1 247m

(S) Stereophonic broadcast
(Q) Quadrophonic broadcast

6.00 a.m. As Radio 2. [illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

†Medium Wave only

6.55 a.m. Weather. 7.00 News. [illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible] Reports. 5.40 Serendipity. †5.55 Weather, programme news (VHF) Regional News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Unaccustomed As I Am . . . 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending . . . 10.55 My Delight. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.40 News.

For Schools (VHF only) 9.20 a.m.-12.00 and 2.00-3.00 p.m. [illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

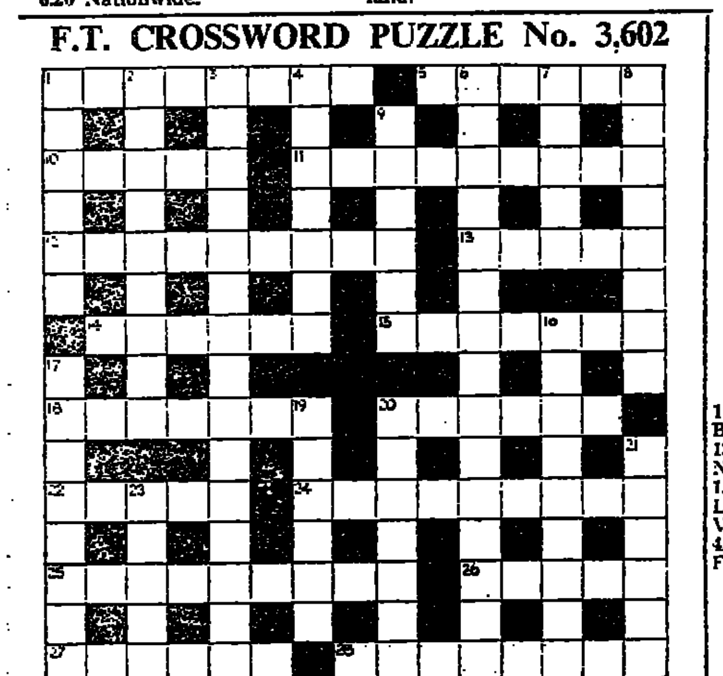
[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,602



ACROSS

1 Dresser's assistant clipped round weed (8)
5 I bleed unnaturally and may be taken in (6)
10 Jockey seen on scales (5)
11 One who supplies offal taken from stag (9)
12 Musicians making money that's prohibited it's said (5, 4)
13 Fish on textile fibre (5)
14 Suppress part of list if legible (6)
15 Cut female and slide away (7)
18 Tedium in which Pole accepts communist (7)
20 Dance, but I'm married and shy about it (6)
22 Be superior at 40 in Rome we hear (5)
24 Sailor and saint in cover (9)
25 Robot producing a French article about fruit (9)
26 Little devil the Spanish urge forward (5)
27 Infatuate and finish with listener (6)
28 Animal to restrain and rush back (8)

DOWN

1 Writer acquiring copy in the south-east (6)
2 Ancient teacher of painting? (3, 6)
3 Arm fashion model to create a perplexity (5, 2, 1, 7)
4 Broadcast for help to come up in speed (7)
6 Variety required if one cat appears in detour (15)
7 Bachelor soldiers could be mad (5)
8 Go wrong with an attempt to show quixotic behaviour (8)
9 Dashing fellows who shouldn't catch crabs (6)
16 Food for those wishing to climb down (6-3)
17 Renounce sailor going to north-eastern entrance (8)
19 Silent at inside change (6)
20 Peculiar way over mountains (7)
21 Corner right for a fisherman (6)
23 Summoned detectives to accept note (5)

Solution to Puzzle No. 3,601

R	U	M	B	A	S	■	R	E	D	A	C	T	O	R
E	■	I	■	Y	■	■	■	W	■	U	■	U	■	E
D	I	G	G	E	R	■	F	E	A	T	U	R	E	S
S	■	R	■	S	■	A	■	R	■	O	■	K	■	E
H	E	A	T	H	E	N	S	■	I	N	T	E	N	D
A	■	I	■	A	■	T	■	C	■	O	■	Y	■	A
N	O	W	E	■	D	I	P	L	O	M	A	■	■	■
K	■	E	■	D	■	Q	■	E	■	Y	■	L	■	H
■	■	■	P	E	R	U	S	A	L	■	T	A	M	E
C	■	O	■	A	■	E	■	N	■	A	■	V	■	R
A	R	M	A	D	A	■	P	U	R	C	H	A	S	E
M	■	E	■	K	■	M	■	P	■	C	■	T	■	W
B	E	L	I	E	V	E	R	■	V	E	R	O	N	A
E	■	E	■	E	■	N	■	■	■	N	■	R	■	R
R	E	T	I	N	U	E	S	■	S	T	A	Y	E	D

The Rear Column

by B. A. YOUNG

Leonard Burt

Barry Foster and Clive Francis

the horrible H. M. vent to rescue Emin Equatoria in 1887, he ear column" at Yam- r the junction of the h the Aruwimi, and set h difficult country to- e Albert, promising to thin five months. He ome back for over a when he did he found column, in his words, by the irresolution of , neglect of their pro- indifference to their ders."

y of the rear column's the subject of Simon v play. If it suggests m the back numbers this is because the itten for Chums dealt kind of adventure. A ccount was written by ose irresolute officers, oup (represented here lsome and short of ut Mr. Gray has put own on the armatures rom history.

resultant personnel with more than a ums in their dialogue, be the effect on the Gray of the Victorian of the officers. He is ist that they addressed r as "Mr.," and spoke Stanley" even in his absence, and on only one occasion used a Christian name; that they drank toasts to their girls, and sang carols at Christmas, and went in for sketching and bird-watching and sculpture. (I can't believe that none of them tried to learn Arabic or Kiswahili.) But their conversation has an artificial touch, as if Mr. Gray were secretly mocking his *characters as well as recording* what he supposes to have been their activities.

He is handicapped too by the fact that their activities do not amount to much, apart from deterioration of character. Major Barttelot, the senior officer, is criminally unimaginative in his refusal to unload stores because Stanley's orders can literally be interpreted as forbidding it; he grows more and more brutal in his behaviour to the Sudanese and Zanzibaris until he finally half-kills his own personal boy in a silly fit of rage at some drumming outside.

At the other end of the scale. Jameson, *his second-in-command*, becomes so engrossed in studying his surroundings that he buys an 11-year-old girl from the slavers and gives her to a cannibal village so that he can make drawings of the cooking ceremony, copies of which he casually signs and gives to the infamous Tippoo Tib. Jeremy Irons plays him very smoothly; he is clearly the Chums hero until the last moment, when his foolishness is revealed. The witty Ward, played by Simon Ward in one of his best performances for a long time, gives Mr. Gray an opportunity for some chat in a style more characteristic of him. Clive Francis plays the hot-tempered Troup, and Donald Gee the medical orderly Bonny, whose form of deterioration is to dip into medical stores and blame the shortage on his comrades.

It is a slow evening, in spite of a scrupulous Harold Pinter production. The second of the three acts contains little but background detail. By the end of the third act, some of the audience were showing their ignorance by giggling.

Eileen Diss's set, a big store roofed with mkuti mats, has the right African air about it; but where is the heat? No one *sweats, clothes — despite the* absence of a train of servants such as the Army would have taken — are always clean and neat. A wet sponge dubbed under everyone's armpits would do wonders at evoking the sordid reality of the tropics.

Cinema

From Marx to Punk

by NIGEL ANDREWS

Jonah who will be 25 in the Year 2000 (X)	Paris-Pullman and Phoenix East Finchley
Jubilee (X)	Gate 2 (formerly EMI Bloomsbury)
Silver Bears (A)	ABC Shaftesbury Avenue
Holocaust 2000 (X)	London Pavilion
Wages of Fear (AA)	Empire Leicester Square
Dark Star (A)	Screen on Islington Green

After *The Devil Probably*, *Jonah who will be 25 in the Year 2000*. A week after Robert Bresson's *cri de coeur* about the social and technological horrors of life in the mid-1970s—and his conclusion that suicide is modern man's only sane and decent answer—Alain Tanner's *Jonah* offers us a more buoyant response to the evils of the age. Tanner's checklist of political and ecologi*cal scandals is much the same* as Bresson's: pollution, exploitation, cruelty to animals, a general decline in the "quality of life." But his solution is different. The Swiss director is concerned with trying to resuscitate the patient rather than handing him over, still twitching and curable, to the undertaker.

Tanner's co-writer, as in his previous films (*The Salamander*, *The Middle of the World*) is English expatriate John Berger. Berger's Marxism is mellowing with the years. *Jonah* is written and set during the disenchanted aftermath of May, 1968. No socialist Utopia was precipitated by the events of that month, and some of its bruised survivors are now to be found alive and well (-ish) and living in the capitalist Utopia of Switzerland.

Eight of these provide the main characters in this film. There are a farming couple (Roger Jendly and Dominique Labourier) and their socialist-dreamer foreman (Rufus). There is the latter's wife (Myriam Boyer), pregnant with the eponymous Jonas. There is a teacher (Jacques Denis) with Rousseau-esque ideas on liberal education. There is the supermarket cashier (Miou-Miou) with whom he falls in love. (Her speciality is undercharging the poorer customers.) There is a disillusioned Marxist (Jean-Luc Bideau) and the yoga-obsessed secretary (Myriam Mezière) with whom he practises love and lotus positions; and from whom he also learns of a nefarious property deal by her boss which will threaten the above-mentioned farm. And so we come full circle.

The lives of the eight main characters are intertwined with a casual ingenuity worthy of Chekhov: and like Chekhov, Tanner and Berger also seem able to invoke and air serious social issues without strain or pedagoguery. There is a beautiful scene in which our main characters sit around a farmhouse table *peeling onions and weeping and* discussing the ills of the age: a scene whose ambiguity (which activity is causing the tears?) is both moving and funny. The film is too rambling and thrown together for some tastes (it never made it, for example, to the London Film Festival), but for me its loose shaping and childlike vitality are most of its charm. It is an adult version of the children's paintings that adorn the farmhouse in the film: "innocent" in their multi-coloured confusion, but hiding a lively instinct for satire and subversion.

*

Jubilee is a vision of the future conceived by Derek Jarman (writer-director), James Whaley (writer-producer) and Howard Malin (co-producer). That triumvirate, you may recall, made *Sebastiane*, which attempted to demonstrate that history and Christianity had got the Roman saint's martyrdom all wrong, and that what it was really about was the wish-fulfilment Passion of a homosexual masochist. Their new film is likely to be no less controversial and parades a similar mixture of ingenuity and *daft-headedness*.

Jenny Runacre in 'Jubilee'

It is set in a futuristic England where law-and-order has given way to anarchy, and where "the frenzied mass is going through a ritualistic dance of death." Among the dancing citizens of this Punk-Age London are Amyl Nitrate (Jordan), a lady who rejoices in zig-zag make-up and orange hair, and who is busy rehearsing a punk version of Rule Britannia for the Eurovision Song Contest; Borgia Ginz (Orlando), a bald impresario with a hyena cackle, who has bought up Buckingham Palace to turn it into "the world's biggest recording studio"; Mad, a pyromaniac; Crabs, a nymphomaniac; and sundry other punk exotics.

There is also Queen Elizabeth I, time-travelling from the 16th century to visit the new Britain. She is played by Jenny Runacre, who also doubles as "Bod," a punk gang leader and reincarnation of the Virgin Queen. Where is all this leading? Briefly and optimistically, one thinks it is leading to a cohesive picture of a future England in which anarchy has become the inevitable reaction to disillusionment with socialism (one character observes, "It's a tragedy that socialism and freedom weren't compatible"), and in which love has long ago lost the battle with sex, sadism and sensation-seeking. But the film no sooner airs its social and political notions than it forgets about them, and nothing so grand as an Idea Followed-through graces the remorselessly madcap succession of punk dance scenes, orgy scenes, beating-up scenes and scenes of smashed Bohemianism à la Warhol. Jarman is a director with more vitality than most—indeed, than almost any in modern Britain. But as we know from Ken Russell, too much vitality is often as bad as too little, and this *movie seems to have come to us* from the St Vitus school of film-making.

*

There are certain movies that have so many story intricacies to negotiate in their allotted running time that they hardly have room for the fringe luxuries — characterisation, atmosphere, comedy — that might be said to make a film worth seeing. *Silver Bears* gives us six characters in search of a breathing-space in a hopelessly over-plotted story about high finance and fraudulence in America, Switzerland, Persia and England.

Michael Caine is the Mafia agent setting up a new bank in Lugano, Louis Jordan the Italian prince who helps him. David Warner and Stéphane Audran the owners of an alleged silver mine who want to borrow capital. Charles Gray the multi-millionaire who is breathing down the bank's neck wanting to buy it, and Cybill Shepherd a wacky American girl who somehow strays into the confusion. The audience knows how she feels. There are little human touches in ex-Czech director Ivan Passer's direction that bespeak the heritage of the 1960s Czech New Wave, and that have somehow eluded the steamroller progress of the plot. But elsewhere all we hear is the roar of advancing narrative, interspersed with the crashing gears of one cumberous plot twist after another.

*

In *Holocaust 2000*, thermonuclear tycoon Kirk Douglas, blasting through desert mountains to level land for his multi-million-pound plant (somewhere out East), finds an Ancient Cave with inscriptions from the Apocalypse. A hydra-headed monster will arrive, he is warned, ushered in by the birth of the new Antichrist. Douglas and his son, Simon Ward, wonder if there is anything they could or should do, short of calling off the project, to ward off disaster. But disaster is not to be averted. . . .

The film was co-produced by Embassy Productions *(Rome)* and Aston Films Ltd. (London), and its Anglo-Italian pedigree tells all. English stiff-upper-lippery (in the shape of Virginia McKenna, Geoffrey Keen and other '50s stalwarts of the British screen) is awkwardly harnessed to Italian bloodlust (a disembowelment, a truncation and a decapitation by helicoper propeller being among the items for your delectation). And the co-production dialogue defeats even the teeth-gritting determination of Kirk Douglas.

*

Wages of Fear is William (*The Exorcist*) Friedkin's reworking of Clouzot's tense 1953 *film about* the journey of two lorries carrying nitro-glycerine across bumpy roads to a vital destination. (Both films are based on the French novel by Georges Arnaud.) Friedkin has staged one or two heart-stopping scenes here—the lorries crossing a frail and rickety rope-and-timber bridge, the sudden moment when one lorry blows a tyre and hurtles to destruction—but he has badly fluffed the characterisation. All the well-engineered suspense in the world is worth little if we care nothing about the participants. The cast here includes Roy Scheider, Francisco Rabal and Bruno Cremer, but the film gives none of them a chance to do anything other than to grunt and perspire in the statutory Hollywood manner. A sad waste of good material and a good opportunity.

*

A brief commendation for *Dark Star*. This kooky science fiction film, directed by John Carpenter and co-written by him and Dan O'Bannon, was shown on TV recently but is worth a second visit if you saw it then, a first if you didn't. Its cast of hippy astronauts, spaced out in Space, perform comical wonders in a genre usually long on solemnity and pseudo-science and short on wit. The film shows at the Screen on Islington Green from Thursday and is well worth a pilgrimage.

Garden

Madama Butterfly

by ELIZABETH FORBES

y of the year, prob- hour of the day, some- the world, a per- f *Madama Butterfly* is s. On Wednesday at rden Puccini's tear- revived in the produc- ally by Robert Help- ing from 1950. But deniably old, the pro- not shabby: Sophie n's spare, elegant sets esh while the lighting ted in the programme ys sensitive, and at ectacular. Richard s carefully staged the h due respect for redibility.

e role is sung by ayashi, who was also the part at Covent ree years ago. Miss akes a fine Butterfly e she is Japanese, but er voice, average in ell-focused and keenly projected, with a clear, forward timbre, is very well suited to Puccini's music. She phrases with great feeling and her words are clearly carried on the stream of tone. In a negative sense she is helped by being Japanese in that she does not need to indulge in the fan-flutterings that some Cio-Cio-Sans find necessary.

Taking a little while to gauge the emotional temperature of the house; Miss Hayashi does not reach her best voice and most assured form until the love duet at the end of the first act. Here she is fervently supported by a more than usually likeable Pinkerton, in the person of Neil Shicoff, the American tenor making his Covent Garden debut. He too seems to find Puccini's vocal line congenial, and does all that is possible to raise sympathy for the greatest cad in all opera. In nice contrast, Peter Glossop makes a stalwart, thoroughly amiable Sharpless, full of solicitude for Butterfly and severe in his disapproval of Pinkerton.

Suzuki is another character who invites sympathy and Gillian Knight plays and sings the role expertly. Francis Egerton's polite, hypocritical Goro; the dignified Yamadori of Jonathan Summers and the understandably bewildered Kate Pinkerton presented by Anne Wilkens all contribute substantially to the performance. The conductor, Anton Guadagno, draws gorgeously rich sound from the orchestra, but there could be more light and shade, more subtlety of phrasing, in his reading of the score; he paces the work well and leads up to the climaxes, the sighting of Pinkerton's ship, and the moment when Butterfly decides to kill herself, most powerfully.

Yasuko Hayashi, Peter Glossop and Francis Egerton

St. John's, Smith Square

The Schubert Concert

by DAVID MURRAY

On March 26, 1828, Schubert managed to put on in Vienna a concert of his own works. He died within the year, and the enterprise had no successor: it might have been more extensively noticed had Paganini not blown into town three days later, capturing the attention of the Press at the expense of mere local productions like Schubert's. Someone has had the amiable notion of reproducing that programme, and it was duly repeated in St. John's on Wednesday night by students of the various London music schools.

The plan faltered a little in the execution. The original programme was by modern standards a quaintly mixed affair: chamber pieces (with the G major Quartet—if that was indeed the quartet *in question*—represented only by its first movement), songs, small choral pieces. This time, flu left too few male choristers to undertake the *Schlachtgesang* which should have ended the evening, so the remaining works were re-ordered. Even then, Wednesday's concert took a long two and three-quarter hours, for every piece was introduced by Bernard Keefe—appositely enough, but no part of what Schubert's audience was given.

Under the circumstances, the concert became more or less an occasion for displaying student performers in Schubert. Their powers were predictably uneven: fortunately the longest work, the E-flat Piano Trio which concluded the programe, also enjoyed the most confident performance. Though ideally the Trio should not be so obviously led by the piano as it was here, all three Royal College players sounded robustly stylish in it. A Trinity College team made much of the charming *Ständchen* for soprano and female chorus. Among the songs, all performed by students from the Guildhall School, one was glad of the chance to hear "Auf dem Strom," which has a horn obbligato that keeps it out of ordinary recitals; and among the singers—all of them better at pronouncing German than at colouring the words—the big dramatic soprano and sheer presence of Anne Mackay should ensure that we hear more of her.

Blake at the Tate

From March 9 until May 21 the Tate Gallery, in association with the William Blake Trust, will be showing a major Blake exhibition *of over 300 items drawn from* public and private collections in Great Britain, the U.S. and Australia. This will be a representative exhibition comprising paintings, drawings and prints as well as separate pages from a number of Blake's books.

ENO North appointment

English National Opera North has appointed Patrick Libby as their director of productions. He will be responsible for ENO North's first production at the Grand Theatre Leeds in November this year—Saint Saën's *Samson and Delilah*.

Antony and Cleopatra

by MICHAEL COVENEY

tly cast and slightly ndid to look at, the production rattles on to uses. John Turner and Jefford are perhaps iously suited to the title n were Alec McCowen thy Tutin. Mr. Turner inch a soldier and estuous, world-shaking h the Queen of the Nile tuously summarised in ing masque of dotage billowing veils, a fire- d rattles. The couple's ds are delivered with ggles. Thereafter there is no questioning the flood of passion that engulfs them. Miss Jefford is superb: forceful, physical and finally haunting.

Tony Robertson's production is less successful at maintaining a flow of excitement through the political and martial action, though it scores with such resonant effects as the sombre sound of music under the earth as Hercules deserts Antony while Enobarbus (Kenneth Gilbert) creeps off to die in a ditch. And Michael Howarth's Dolabella is convincingly moved by the captive Queen, adding dimension to the final tragedy. There is less homosexual tension between the Octavius of Terence Wilton and Antony than when Derek Jacobi played Caesar's heir, with the result that the galley revels go with less strident gaiety than before.

Trevor Martin now doubles as a sturdy Pompey and the turncoat Decretas; Daphne Rogers is a strangely colourless Octavia; Oz Clarke is in confident possession of several small parts. The scale of the play still seems just beyond Prospect's grasp, but collectors of important classical performances will not want to miss the central duet.

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Educational priorities

CHANGES in the birthrate which have already taken place are the basis of the discussion document put out yesterday by the Department of Education and Science. Estimates of the demand for higher education are, as experience has shown, exceedingly difficult to make, since demographic trends are only one of the factors involved: the gap between the Department's highest and lowest estimated variants is very large. On its central projection, however, the total numbers engaged in full-time and sandwich higher education would rise from 520,000 at present to 560,000 in 1981 and 600,000 in the mid-'eighties. The figure would stay at about that level until the end of the decade and then fall back sharply to around 530,000 in 1994. The Department puts forward for debate five possible methods of dealing with this prospect: the first three envisage the pattern (as opposed to the scale) of higher education remaining much as at present, the other two envisage certain changes.

The course eventually chosen will almost certainly be a compromise, and a good deal of research as well as discussion will be needed before its precise shape can be determined. But some thoughts occur to the outsider immediately. The first choice, to expand facilities in line with the central projection of demand, may well be that most favoured by those involved

The choices

That in itself, the cynic might suggest, would be reason enough for dismissing it. Less cynical reasons are the very high cost, the loss in quality of teachers which accompanies very rapid expansion, and the difficulty of getting rid of these lower-quality teachers when demand falls off. The third choice, to accommodate the expected increase in numbers by making more intensive use of existing facilities and teaching staff and perhaps by taking advantage of advances in educational technology, can only be judged after more research has been done. Greater use of new technology, for example, does not necessarily save much money. Of the first three choices, the second—holding back the scale of expansion after 1981—seems the most promising. At the worst, this would imply a temporary break with the principle of making higher education available to all who want it and are qualified for it. At the best, if the low projection of demand after 1981 proved to be the correct one, there would be no loss of educational opportunity.

There remain the two models which imply a change in the present pattern of higher education. The first of these would ease the pressure by a combination of methods—accelerated degree courses for the most able, a switch from full-time to part-time courses, and a gap between leaving school and beginning higher education. The second would deal with the drop in demand expected after the mid-nineties by encouraging a greater spread of higher education among social classes and making available more facilities for re-training and for mature students.

Wider debate

Most of these suggestions have practical disadvantages as well as superficial attraction, especially since it is exceedingly hard to foresee the state of unemployment—let alone the relative impact of unemployment on those with and without certificates of higher education—so many years ahead. But there does seem much to be said for putting more of our resources for higher education into those who are already at work, whether they have entered industry straight from school or whether their original training has been overtaken by technical change. There seems much to be said too, to go a stage further, for putting more of our total educational effort into secondary schooling rather than higher education. This document, intended to deal with a purely demographic problem, may be useful in reopening among the general public, and especially in industry, a wider debate about the value which the country is getting for the money it puts into education as a whole.

Capital spending gathers pace

AT FIRST sight the latest figures for manufacturing investment may seem a trifle disappointing. In volume terms, the level of investment in the fourth quarter of last year is provisionally estimated to have been no higher than in the third quarter. The overall increase for the year as a whole has thus turned out to be about 6 per cent., fractionally less than Ministers had recently been hoping and substantially lower than the forecasts which were made earlier last year. But too much should not be read into changes between one quarter and another, especially during a period when, because the rate of price increases is varying, estimates of changes in volume are more than normally susceptible to error. A closer look at the figures over a longer run suggests that the underlying trend of manufacturing investment is not at all discouraging.

Drastic

In the first place, it should be remembered that by the first half of 1976 the volume of capital spending in manufacturing industry had fallen to its lowest level for over 10 years. Since then, the pace of recovery has been gradually accelerating. By the closing months of 1976 and the first quarter of 1977, the annual rate of increase in volume terms had reached 3-4 per cent. Since then, it has doubled to about 6-8 per cent., which means that by the end of last year manufacturing investment had risen to about 12 per cent. above the low point of 18-24 months earlier.

Secondly, the figures for manufacturing industry as a whole have been affected by the drastic cut-backs in investment spending by the British Steel Corporation. Excluding the iron and steel sector, which accounted for a sixth of all manufacturing investment in 1976, one finds a much more favourable picture. By the end of 1976 and early 1977, the volume of investment in the remainder of manufacturing was increasing in volume by about 8-9 per cent. a year and the rate has since risen to about 15 per cent. a year. In other words, by the end of last year manufacturing industry other than the iron and steel sector was spending in real terms about 24 per cent. more than 18-24 months earlier.

Compared with equivalent phases of past investment cycles, this is an impressive recovery and it should help to scotch further talk of an "investment strike," a phrase that has been much in vogue lately. However, the main question now is whether the recovery is likely to be sustained. The latest Department of Industry survey of investment intentions indicated a further increase in manufacturing investment of about 10-13 per cent. during the coming year. This was somewhat lower than the 12-17 per cent. increase which was forecast at the end of last summer. Although marked changes up or down between successive forecasts are not uncommon, the fact remains that these figures, unlike some other predictions, are derived from a sample survey of (mainly large) companies and thus reflect revisions in companies' spending plans. Given the level of idle capacity, the uncertain prospects for world trade and the pressure on profit margins, the possibility of some further scaling down of investment intentions for 1978 cannot be ruled out.

Confident

As against that the Confederation of British Industry, whose latest predictions are in line with the current Department of Industry forecasts, remains confident that the recovery will be maintained and random reports from sectors like chemicals and vehicles point in a similar direction. Moreover, the indications which are now coming through of a revival in consumer spending could help to sustain a bullish mood on investment as well as possibly help to bring manufacturers' and distributors' stocks into better balance. Although stocks declined in the last half of last year, the reductions only partly offset the large rises earlier in the year when consumer spending was lower than had been expected. As a result stock/output ratios are still somewhat on the high side.

A technology to thwart the nuclear thief

BY DAVID FISHLOCK, Science Editor

A CHALLENGE to recent thinking on the non-proliferation of nuclear materials—including that of President Carter and Mr. Anthony Wedgwood Benn—is about to be launched by two eminent scientists, a Briton and an American.

The brief history of nuclear energy is strewn with issues which opponents of the technology have raised as reasons why it should not be pursued, but which upon closer examination have proved to be unwarranted or exaggerated fears: Exploding reactors, unsafe pressure vessels, inadequate emergency cooling, hot plutonium particles are just some of yesterday's "worries."

To-day's worries—as stressed by the nuclear report of the Royal Commission on Environment Pollution 18 months ago—are the safe storage of nuclear wastes and the proliferation of nuclear explosives through what Sir Brian Flowers—then chairman of the Commission—himself insists on calling "traffic" in plutonium.

The two eminent scientists—one in London and the other in California—have now collaborated to produce a scheme they believe could dispel public fears that criminals, terrorists, even ill-intentioned Heads of State, might ever make bombs out of stolen plutonium.

Dr. Walter Marshall, deputy chairman of the U.K. Atomic Energy Authority—and Chief Scientist at the Energy Department until last summer when he was dismissed by Mr. Wedgwood Benn, the Secretary of State, for advocating nuclear power too enthusiastically—is presenting the underlying philosophy of the terrorist-proof technology in his Graham Young Memorial Lecture at Glasgow University to-day. On Monday his collaborator, Dr. Chauncey Starr, president of the Electrical Power Research Institute, the "think tank" of the U.S. electricity supply industry, will present the supporting technical case on the opening day of the Energy Technology Conference in Washington.

Britain, it has been agreed, will present the scheme formally to the International Nuclear Fuel Cycle Evaluation, the multinational search for any technology resistant to diversion into nuclear weapons, set up by President Carter.

As Dr. Starr sees it, the collaborators have had two main objectives. One was to restore to favour the much-criticised fast breeder reactor as a highly desirable part of international energy policy. The other was to scotch the idea that nuclear energy itself is somehow "sinful": that plutonium was advisedly named after the devil. (In fact it was named, by a quite different process of logic, after Pluto, the outermost planet, beyond Uranus.)

As Dr. Marshall sees it, every nation which has — or is suspected of having — developed nuclear weapons has done so as an independent military objective, and not on the back of a civil power programme. There is virtually nothing the world can do to prevent a Government determined to acquire nuclear weapons from doing so eventually by making its own fissile materials.

The big problem which has emerged in the 1970s is the possibility that criminals and terrorists might acquire the know-how to make nuclear weapons, and then hi-jack the materials from a civil power programme. Such programmes have tended to assume that society would remain (or become) orderly and peaceful, but recent experience has not tended to verify that assumption. Marshall's aim has been to discover what technologies and policies might best restrict accessibility to plutonium, so that civil and weapon techniques might be more clearly separated than they are to-day.

The Royal Society, while studying the Flowers report and its conclusion that Britain should think hard before embarking on a fast breeder reactor programme, asked Marshall for his views. He reported back that Flowers, in associating the fast reactor so closely with the "plutonium economy" and "plutonium traffic" had forgotten the fact that present-day (thermal) reactors also produce plutonium. Moreover, they produce it faster than fast reactors are likely to do.

Nuclear waste

Marshall said that Flowers, in emphasising among his conclusions the unsolved problems of nuclear waste disposal, had overlooked the fact that if nuclear waste was not reprocessed but stored as spent fuel, the plutonium it contained became a nuclear waste. Moreover, it was a waste that became more accessible to thieves as each year passed, and the initially intense radio-activity of the spent fuel decayed away.

The Royal Society was swayed by Marshall's arguments and called for quicker progress on the fast reactor. But in the U.S., President Carter was persuaded last spring to call for a go-slow in developing the fast reactor, and for a moratorium on all domestic reprocessing of spent nuclear fuel.

There are some irrefutable facts underlying Marshall's argument that storage of spent fuel would greatly increase, instead of diminishing, the risk of illicit diversion of plutonium. One is that spent fuel, although intensely radio-active when it emerges from a reactor—so viciously so that if approached it would kill through brain damage in about six minutes—rapidly grows less so as certain short-lived fission products decay. After a year it is about 300 times less radioactive; after ten years about 2,000 times less and could then be handled for hours before the hijacker dropped dead. By then, given sufficiently sophisticated methods of protection, handling and processing, the plutonium would be accessible—and would grow more accessible with each year that passed.

In short, passage of time alone is enough to convert initially inaccessible plutonium into accessible plutonium stored as untreated spent nuclear fuel. In Britain, spent fuel is stored only briefly at the nuclear station before being moved—in a state still so radio-active that for all practical purposes it is still inaccessible — to the "ponds" at Windscale for storage until the factory is ready to reprocess and reclaim unburnt fuel. Elsewhere, notably in the U.S. and Canada, spent fuel is stored at nuclear power station sites, in a proliferation of small "plutonium mines," deposits which are year-by-year becoming increasingly accessible.

As Marshall sees it, any nation which decides to adopt a policy of simply storing spent fuel as a means of preventing proliferation immediately sets up a target for anyone wanting to divert plutonium into weapons, and also establishes an option for itself to make weapons. These two possibilities become more attainable with each year that passes. A "proliferation time-clock," as he calls it.

As for quantities of plutonium, the fast reactor has acquired a highly misleading reputation as a much more prolific plutonium producer than thermal reactors. The fact is that all reactors burning uranium create plutonium as a by-product. Light water reactors produce a net accretion of about 330 kilograms a year for every 1,000 MW generated. Canada's Candu reactor, and Britain's Magnox and Advanced Gas-cooled Reactors, all produce plutonium faster than this — Magnox fastest of all, about 500 kg.

But present designs of fast reactors will create fresh plutonium at a rate of only 189 kg. a year per 1,000 MW generated.

Armed with these facts, Marshall began to seek ways of making the growing international inventory of plutonium —the world will have 500 thermal reactors working by 1985—more secure against illicit diversion. He hit upon the idea that the fast reactor itself was being sold on the wrong premise. It was being sold on the assumption that, willy nilly, the world would need it to safeguard its energy supplies once oil and natural gas reserves began to dwindle. This argument was being contested fiercely both by those who claimed that fossil-fuel reserves were more abundant than nuclear proponents predicted, and by those who said that the world should learn to manage with less energy if it could not harness safer sources.

Marshall turned the conventional case for the fast reactor on its head. First and foremost, he argued, it would be needed as an "incinerator"—a way of locking up safely and consuming the world's growing stockpile of plutonium. Its potential for breeding plutonium was incidental—something that could be exploited if the world began to run short of cheap nuclear fuel.

He admits that initially he encountered strong opposition from his colleagues in Britain. He found a more sympathetic response in the U.S., from Dr. Starr at EPRI, and Dr. Floyd Culler, then with the Oak Ridge National Laboratory, who later joined EPRI and will succeed Starr as its president in May. Thus began the collaboration which has led to to-day's and Monday's presentations.

"But the crucial point which eluded me for many months," Marshall admits, "was how to protect fuel from diversion." The U.K. Atomic Energy Authority experimented with ideas for inducing enough radio-activity to make fast reactor fuel dangerous for anyone who might try to hi-jack it. The problem was how to make it lethal enough to combat any hi-jacker sufficiently paranoid to risk committing suicide for fissile material.

The answer, he and Starr finally concluded, was to use the fission products themselves, source of the radio-activity in spent nuclear fuel. These are the unstable isoptopes formed when atoms of uranium and plutonium split to release their energy. Small amounts of ruthenium, zirconium and niobium are the source of the deadliest gamma radiation in spent fuel freshly removed from a reactor. If some of them could be retained in the fuel, and the fuel could be recycled quickly into the fast reactor no hi-jacker would live long enough to carry out the theft.

Technically, it could be done, they concluded, for two reasons. One was that the fast reactor—unlike thermal reactors—would not be affected by these residual fission products. It was indeed a voracious "incinerator." The other was that they believed the technology existed from which to assemble a highly-automated remotely-operated fuel manufacturing operation, so that operators themselves need [illegible] be placed at risk by the [illegible] activity of the new fuel.

In the U.S., Starr ha[illegible] experience of an experim[illegible] fast breeder reactor in [illegible] which for five years in the [illegible] operated on a closed fuel [illegible] with radio-active metal fu[illegible] cycled straight back int[illegible] reactor. In Britain, Marsh[illegible] more optimistic about a t[illegible]logy for producing oxide [illegible] developed at Harwell, an[illegible] being installed as a new [illegible] making fast reactor fu[illegible] Windscale.

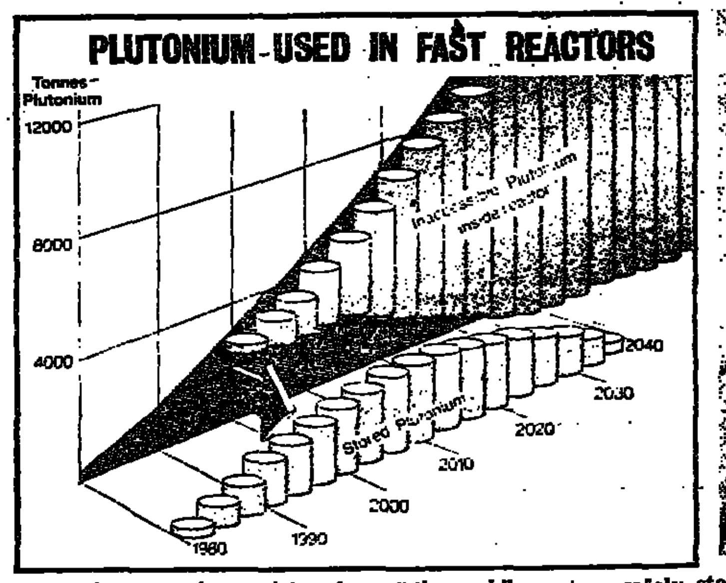
Dr. Marshall is empha[illegible] that he does not advocat[illegible] the Civex process—as the[illegible] chosen to name their ter[illegible] resistant technology — [illegible] immediately replace [illegible] present Purex process [illegible] which for example the [illegible] Windscale and French [illegible] processing plants will be[illegible] The first step would be [illegible] general international s[illegible] over the next year or tw[illegible] then plan an interna[illegible] demonstration, perhaps [illegible] through the Interna[illegible] Energy Agency in Paris [illegible]tect the project again[illegible] political vacillations of [illegible]dual governments.

Just enough fuel

The main point of [illegible] demonstration would [illegible] work out adequate meth[illegible] quality assurance for [illegible] which at no stage cou[illegible] approached by people.

Even looking ahead [illegible] 21st century, the Civex [illegible] would probably not e[illegible] eliminate the need fo[illegible] radioactive fast reactor [illegible] Starting up a new fast r[illegible] is tricky enough witho[illegible] complications of gamma [illegible]tion. Dr. Marshall envis[illegible] small international op[illegible] making just enough fuel [illegible] the world's fast reactors [illegible] The operation would b[illegible]ducted under tight securi[illegible] safeguards. But he is co[illegible] that once the reacto[illegible] changed over to Civex it [illegible] be intrinsically safe agai[illegible] attempt to steal its fuel. [illegible] Civex technology wou[illegible] available to any natio[illegible] wanted to use it.

Dr. Walter Marshall, deputy chairman, United King[illegible] Atomic Energy Authority.



With the plutonium arising from "thermal" reactors safely stored as fuel in fast breeder reactors, the world's inventory of plutonium will begin to dwindle to very low levels. Without fast reactors, however, the plutonium inventory will expand rapidly through the proliferation of "plutonium mines." Right: Dr. Chauncey Starr, president of EPRI.

MEN AND MATTERS

Fish finger men up in arms

Some readers may think it impossible to insult a frozen fish finger, but that is scarcely the way manufacturers see things. Fish fingers are big business: last year the British nation consumed 1.2bn. of them with every appearance of enthusiasm—the value of sales is expected to be up more than 10 per cent. to £84.5m. this year. So when a book appears bombarding the image, you can rely upon such hallowed names as Bird's Eye and Findus to begin leaping about like their own fish fingers in hot fat.

Although the book is not out until Monday, its assertion that to label fish fingers as fish "is an affront to one of nature's most wholesome foods" has sent quivers through the quick-freeze industry. The Wholefood Book is a lavish, full-colour production—more of a coffee-table than a kitchen-table job. When I read the critical passage out to a spokesman at Findus he sounded taken aback. "It might be a libel on fish fingers," he said. "We shall have to think about it."

A spokesman at Bird's Eye branded the remark as "ill-founded, ill-phrased and wrong." Told that the book said that 220 grams of fish fingers contain 150 grams of water, she remarked that all fish contain a lot of their natural element.

I next tackled the author of the book, George Seddon—ex-farmer and former Observer executive. He warily backed away from the idea that he was saying fish fingers had extra water pumped into them. "Even turbot has 75 per cent. water," he admitted. But he returned to the charge that fish fingers are "appalling things, not fish." Finally I spoke to Denys Bradfield, general secretary of the National Association of Fishmongers—and also, rather remarkably, editor of a magazine about frozen food. "Nobody has ever hammered a fish finger like this before," he said.

Norman challenge

At the risk of provoking indigestion with more gastronomic topics, I wonder if any FT readers are man—or woman—enough to eat three kilos or more of black pudding and survive? Then I recommend they should polish up their clogs and book lodgings in Montagne, Normandy, for March 18-20. That is when they will be able to demonstrate their prowess, and maybe win glory for Britain, in the annual all-Europe boudin-eating contest.

The highlight of the week-end, sandwiched between the courses of an orgy worthy of the tripemongering Fosdykes, is the Concours du Meilleur Boudin.

Black-pudding makers from all over Europe, including an annual contingent of about 50 from Britain, will be in there mixing it. Among the champions of the blood-and-guts league is Barnsley butcher Albert Hirst, an entrant (in the making, not eating, division) who won the British section cup last time to add to his tally of four gold and one silver medals.

He has yet to win the supreme award. But then who would expect our lads to stand much of a chance playing away in the home of spicey, light-weight boudin? The British pudding is altogether a much more stolid, lumpen character. In a class of its own, you might say.

Celebratory pig races — a former high spot — have been stopped by order of the local mayor, but there's still the pudding-eating contest. Visitors will put away an estimated five tonnes of boudin during the festivities.

"And you can tell the Select Committee there's plenty more where these came from!"

Greek cheek

Greek Prime Minister Constantine Karamanlis does not have too soft a spot for journalists—he has refused to give even one Press conference in Athens since the junta called him back in 1974. But now, amid opposition outcry at his Government's hogging of the media, he is also under heavy fire for not turning up in Parliament to answer questions. "How can you expect him to have time," one deputy asks, "when he has to be on television 24 hours per day."

Precious pate

A French cake manufacturer got away with a commercial a few years ago in which the leading role was played by an actress closely resembling the present Queen of England. But the Thais show themselves far more sensitive, even about monarchs long gone. In the Philippines, a detergent company has provoked a diplomatic incident with a TV advertisement copied from a scene in "Anna and the King of Siam." The local starlet playing Anna is shown polishing the bald head of the King, played by opera singer Aurelio Estanislao.

"It is an insult to the laws, customs, and culture of Thailand," protested the Thai ambassador in Manila, Chai Saicheaua. What was more, he said, ridiculing baldness was punishable by law in Thailand, and if the commercial were not withdrawn, there would be "further action at a higher level." I cannot say whether the commercial was doing much for detergents, or if ambassador Saicheaua has a good head of hair himself. I can tell you that the Philippines Government has ordered the advert off the screen "for the sake of harmony and international understanding."

Time out of mind

A Devonshire reader tells me that when he telephoned his bank last Tuesday morning and asked if there was any chance of seeing the manager some time during the day, the clerk who answered said, "I doubt it, sir. Because of the weather he hasn't been in yesterday yet."

Observer

FINANCIAL TIMES SURVEY

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World Mining

While most of the base-metal producing industry is confronted by a daunting lack of demand for its product, it has even greater problems ahead if it is to be ready to meet what could be an eventual explosion of demand for all minerals.

A dual challenge

by Kenneth Marston, Mining Editor

..D mining industry e greatest challenge known. It is a two- nge: surviving the pression in many :ets, and preparing : eventual explosion for all minerals that when the growing lation scents the economic revival.

winds are bitter. l prices, notably of per and zinc, have : point at which few ope to do more than Canada's Inco, the iding producer of rrying unsold stocks *an 340m. lbs which* ith last year's total the company of

ry other base-metal ı is reducing produc- ying-off employees. ny recently told an gislature committee ere forced to main- ction in order to ankruptcy would be l outcome. Indeed, ourth quarter earn- ed to only $US4.6m. ollowing a total of the preceding nine $196.8m. for 1976.

s of other great : mining groups ran ed during the past er. They included th a loss for the $41.3m., which was result of mine nd Phelps Dodge. ittle hope of any improvement in the current quarter.

Fortunately some minerals are still doing well and not all is gloom in the mining scene. Earnings from aluminium are buoyant, tin still commands high prices, lead is profitable and, ironically, the more exotic products such as gold, platinum and diamonds are in a rising phase. So too, are the energy minerals, coal and uranium.

Thus the multi-metal groups such as Rio *Tinto-Zinc* and Noranda are still *doing* well and in Australia, Peko-Wallsend is heading for another profit record this year, thanks to rising revenue from the gold, coal and tungsten operations which are offsetting the decline in copper, bismuth and mineral sands income.

There is another aspect to this "swings and roundabouts" situation in mining which is less satisfactory. It is the tax system which bears heavily on the great majority of mining operations whose fortunes are dependent on a single product. In the good years such as 1974 when copper soared to close on £1,400 per tonne in London—well over double the current sterling level —politicians were swift to see the scope for taxation of "windfall" profits.

Spectacle

Robbed of earnings in the fat years, the companies in this high risk industry have less reserves to carry them through the lean years. And in Canada, for example, there has been the spectacle of Ottawa and the provincial governments competing for mining taxes to the point at which royalties have been levied without regard to costs and profits. At last, however, the Canadians are recognising the error of such policies while the dole queues grow.

However, if difficult tax laws make life difficult for the mining companies and stifle exploration for new mines, as has happened in Canada, we are still left with the basic imbalance of supply and demand for the major metals. There are moves afoot for Government aid for mines facing closure, but this trend can only aggravate the problem.

Production cuts are an obvious answer to the over-supply problem and these are already being forced on the transatlantic mines, in particular, by economic circumstances. These cuts, however, are insufficient to tilt the scales and Government action on voluntary cutbacks has been suggested by UNCTAD in the case of copper.

Whether such action can be agreed upon and, more importantly, put into effect seems doubtful. Understandably enough countries such as Zambia, Zaire, Peru, and Chile, whose economies are very much dependent on exports of copper, face the prospect of cuts with extreme reluctance. Indeed, recent talks on the subject have made little headway.

A more acceptable answer must be some form of stockpiling policy by the governments of the metal-consuming countries. Such stockpiling is not new, but nor is the problem of securing the funds for such operations. Even so, it is an answer which could be much to the advantage of the Western industrialised countries.

Politically it would make sense in that such policies would provide needed support for the developing countries, notably in Africa where Soviet influence is active. Strategically it could safeguard supplies of vital materials, the lifelines of the industrial nations in the European Community.

Furthermore, stockpiling at current low prices must be a good investment in the purely economic sense. Not only are nickel and copper prices, for example, close to or below the rising production costs of existing mines but they are also far below the levels required to justify the opening up of new mines. A new copper operation would need a metal price of over $1 per lb, double the current level.

In due course copper will rise to $1 per lb. and probably more, because virtually no new mines are being started anywhere in the world. And it must be remembered that, quite apart from the time and effort needed to find an acceptable metal deposit, the development of the new mines which will supplement and eventually replace existing operations can take up to 10 years to the start of production.

In view of this long lead time, the present low metal prices are not the main deterrent to companies embarking on new ventures. Nor are problems of environmental objections; even the most determined of environmentalists are not prepared to starve. The environmental problems will be solved by commonsense, compromise and money. They will have to be paid for in dearer metal prices.

The main problem, and this is the second part of the mining industry's challenge, is that of security of investment for the new generation of super-mines which will cost anything up to $1bn. to reach production.

Factors in this high cost structure include the need to accept lower ore grades and thus work them on a big scale for viable operation and the fact that it has become necessary for the exploration teams to move farther afield into remote areas of the world where costly infrastructure has to be created.

Such are the facts of life which are accepted by the mining industry. What is not acceptable to the industry and, importantly, its financial backers is the lack of security for the investment of such huge sums in the new areas which tend to be in the developing countries. Creeping expropriation and the arbitrary abrogation of operating and tax agreements have halted new investment.

Two years ago it was estimated in a submission by 14 of the leading European mining companies to the EEC that an investment of $58bn. would be needed over the next 20 years to maintain European consumption of aluminium, copper, nickel, lead, zinc and tin. That figure may well be higher now and still the problem of *financial safeguards is halting* the development of the new mines which alone can avert the threat of future metal shortages and soaring metal prices.

Both the mining industry and, now, governments are fully aware of the urgent need to solve this problem. The EEC submission made three main proposals. First, it was suggested that there be cooperation agreements between the Common Market and the developing countries which would provide a framework for operating agreements. This held out the possibility of EEC pressure being applied to a mining host country which stepped out of line.

Second, it was proposed that the EEC provide through appropriate institutions financial contributions or guarantees for mining projects. Third, the submission recommended the establishment of an insurance scheme using contributions from the mine financiers in proportion to the size of their investments.

This year the concept of an insurance arrangement has been taken further. M. Cheysson, the Brussels EEC Commissioner in charge of development policy put forward a scheme which should have the collective backing of the nine EEC member countries. It would require payment of premiums by mining investors but M. Cheysson hoped that it would be self-financing.

Answer

Perhaps the answer lies in a combination of a governmental, or EEC, stockpiling policy and a modest insurance scheme. The stockpiling policy with its goodwill aspect would soften the implied criticism contained in the insurance scheme: a measure of goodwill between parties works far more wonders than all the most devious schemes of mice and men.

It is all going to cost a good deal of money. But the spending will be small when measured against the hugse cost in both financial and social terms of a future shortage of metals. The world sits on the three basic legs of agriculture, minerals and energy. If one of them is disturbed, the consequences can be catastrophic: the repercussions of the Arab oil crisis have given an indication of what could happen if the mining industry should continue to be frustrated.

Energy suppliers find coal attractive

Using a mechanical shovel to expose an opencast coal seam. The seam is visib behind the shovel bucket.

OVER THE next few decades oil companies—among the biggest business undertakings in the world—will undergo a marked transformation as they move out of their traditional areas of interest into other forms of energy. The trend has already started: it is no accident that the oil majors are increasingly adopting the description of "energy companies."

Crude oil production which has provided the foundation for their growth and prosperity has virtually doubled every decade since 1935. But this cannot last. The energy crisis of 1973 showed how dependent on oil the world has become, and how vulnerable it is to an interruption in supplies.

If oil consumption continued to grow at the rate maintained since the mid-1930s, proved reserves would be exhausted within 25 years. Shortages would be experienced long before then. These stark facts underline the need for energy conservation and the importance of developing as wide a range of energy forms as possible.

Attraction

This brings us to the oil companies' diversification plans and their interest in the coal industry in particular. Although many of the companies are already involved in solar energy, fuel cells, nuclear fision and nuclear fusion research, the exploration for and recovery of coal is regarded as the most logical extension of their traditional interest in oil and natural gas.

The attraction of coal is obvious. A recent report by Shell—one of the oil groups with a growing mining interest —points out that total world coal production is some 2.5bn. tonnes a year, less than half a per cent. of economically recoverable reserves. "There is growing realisation that, as coal and natural gas production gradually begin to level off, an international coal trade on a very large scale will be needed to help meet growing energy demand while nuclear power and other non-traditional sources are being developed to their full potential."

The report—one of Shell's Briefing Service series—says that international trade in coal is likely to increase faster than trade in oil, perhaps even as fast as that in liquefied natural gas (a booming energy sector). However, development of the international coal business to meet currently foreseeable demands means that major investments must be made soon in mines, coal-handling equipment and transportation systems.

Shell maintains that the resources and effort needed to meet forecast levels of international coal supply are beyond the capacity of the existing coal industry. "The major oil companies are among the few organisations that have the resources and expertise necessary to assist in the rapid development of an international coal business."

The report "Energy in Western Europe—Vital Role Of Coal," published a few weeks ago by the Association of the Coal Producers of the European Community (CEPCEO), also recognises the oil industry's role (while pointing out that coal accounts for about 80 per cent. of world reserves of conventional energy). The report quotes the words of Sir David Steel, chairman of British Petroleum: "The period of competition between oil and coal is past. In order to overcome an energy gap which is likely to be worldwide in about 15 to 20 years, we must in future pay more attention to other sources apart from oil. There is no doubt that the greatest importance must be attached to coal."

So the scene is set. The oil (or energy) industries will turn increasingly to the exploitation of coal.

CEPCEO recognises that the American oil industry has long been involved in the coal industry: in 1974, for instance, 150m. tonnes of coal, or about a quarter of the total U.S. production was won in collieries in which oil companies had a direct or indirect holding.

Taking those 1974 statistics, oil companies were the parents or controlling groups of 22 U.S. coal companies producing 1m. or more tonnes a year. Coming more up to date, five groups, controlled by oil companies, featured in the Coal Age listing of top 15 U.S. coal producing organisations in 1976.

ESTIMATED CAPITAL COST OF SOME ALTERNATIVE SOURCES OF ENERGY.

(1976 $ per daily barrel of oil equivalent)	
North Sea oil	7,000 to 12,000
U.S. coal	1,500 to 2,000
International coal (delivered N.W. Europe)	5,000 to 10,000
Synthetic natural gas from coal	20,000 to 30,000
Liquids from oil sands, shale or coal	15,000 to 25,000
Liquefied natural gas (imported)	15,000 to 20,000
Nuclear electricity output (base-load operation)	50,000 to 70,000+

Source: Sir Frank McFadzean, chairman of British Airways, in Branckner Memorial Lecture, Chartered Institute of Transport, London, February 13, 1978.

Continental Oil's wholly-owned subsidiary, Consolidation Coal Company, produced 55.9m. tonnes, according to the Coal Age table, putting the group second in the Top 15 list. Little wonder then that the last annual report of Conoco expresses some concern about continuing talk in Washington about the need to dismember large petroleum companies. The idea of vertical divestiture (the separation of oil production from refining and marketing operations, for instance) seems to have been dropped although the prospect of horizontal split-up (the separation of various energy interests) is still alive. This proposal particularly worries Conoco and other oil groups with coal interests.

So Conoco's letter to stockholders last February contends: "Either form of divestiture would seriously damage the nation's energy position and its private enterprise system, while failing to provide any beneficial results."

Occidental is another company concerned about the lingering doubts over divestiture. It lies fourth in the Top 15 through its wholly-owned subsidiary Island Creek Coal (17.6m. tons of production in 1976). Arch Mineral Group (Ashland Oil) and Old Ben (Standard Oil of Ohio) are others which feature in the coal producing league table.

The American oil industry's established position in the coal business stems not only from the huge coal resources in the U.S. but also from the free enterprise system of production. British Petroleum and the Royal Dutch/Shell Group are among the oil companies based outside the U.S. which are now quickly building up their interests in coal.

BP, for instance, has set itself a target of producing 20m. tonnes a year by 1985. So far it has comitted well over £150m. to mining developments in Australia, South Africa and Canada. The most important deal was announced in September, 1976, when BP paid about £115m. for a half-share in Universe Tankship's big Clutha coal interests in New South Wales. As a result of that agreement BP has bought itself a large stake in Australia's second biggest coal exporter.

Earlier this month BP demonstrated one reason why it is interested in coal production when it signed an agreement with the National Coal Board to carry out joint studies into the possibilities of converting coal into liquid fuels. The company is looking towards obtaining high grade oil products, such as chemical feedstocks and petrol. BP has already given help in the design and construction of a small-scale hydro-cracking unit at the Coal Board's Coal Research Establishment at Stoke Orchard, near Cheltenham.

(A number of oil companies are following similar lines of research. Within the past fortnight Exxon has announced that along with the Electric Power Research Institute, Phillips Petroleum and the U.S. Department of Energy it is to build a pilot coal liquefaction plant at Baytown, Texas. The plant, costing an estimated £60m., should be capable of liquefying 250 tons of coal a day. It is seen as an important step towards a £130m. project to develop a process for producing clean burning liquid fuels from coal.)

Returning to Shell, the group estimates that its cumulative investment in coal between 1975 and 1985 could be well over $1bn. Annual coal sales are expected to rise from the present 1m. tonnes to around 15m. tonnes within five years and perhaps 30m. tonnes by 1985.

Philosophy

Shell's philosophy seems to be in line with that of BP and other oil-based energy groups: "In short and medium terms the aim is to develop an international coal business which will give Shell companies a share of metallurgical coal markets and also to sell and promote the use of coal as an industrial fuel. Longer-term aims are to help provide the synthetic gas and oil from which will be needed well the next century."

The oil companies, and ticularly the comparative comers to coal like Shell BP, have set themselves a tious expansion targets viding they are not un frustrated, such as by di ture moves in the U.S. exploration and productio pertise (together with capital base) should benefi mining industry as a whol

Mining executives con that traditionally their exp tion spending—both in qua and direction—has been er The coal-based mining panies have rarely been systematic or as consistent their exploration as the n oil groups. On the other the oil companies have mu learn from the traditional ing industry. There is a for both, particularly now it has been recognised that is set to again play dominant role in world en supplies.

Ray Da
Energy Correspon

Wealth under the sea

NEXT MONTH delegates to the UN Law of the Sea Conference again attempt to come to terms with the vexed and divisive issue of defining an international regime for ocean mining. In many respects they will be seeking to reconcile opposites.

On one hand they seek an international authority which embodies in theory and practice the concept that the resources of the ocean floor are the common heritage of mankind. On the other hand they have to take into account the reality that the technology for exploitation of the ocean floor is narrowly held—in consortia where the U.S. influence is predominant—and that therefore international sovereignty has to be tempered by commercial considerations.

Six sessions of the Law of the Sea Conference have failed to resolve arguments which have often seemed to be simply another facet of the dispute between rich and poor, overlaid by the clash of interests between coastal and landlocked states and between countries with mineral resources and those without.

The centre of the debate is the manganese nodule, a concretion, resting on the seabed, which is irregularly spherical in shape but varies in size between a grape and a football. The existence of the nodules first became known when they were recovered by the crew of H.M.S. Challenger in the 1870s. Concentrated interest in what they might contain and how they might be exploited did not emerge until the 1960s.

It is now established that nodules are found in most of the oceans of the world, although geologists find it hard to lay down general conditions which would determine the size of the nodules and the wealth of metal within them. Certainly the composition of the nodules varies from one ocean to another. Those found in the northern Pacific, for example, have had a lower calcium carbonate content than those found in the Atlantic.

Within a certain area nodules may have a roughly consistent composition, but their abundance on the seafloor changes. In mining terms therefore any company considering exploitation is concerned with much larger areas than would be the case at a land-based mine. Often, however, the nodules are more than 800 miles from the nearest land-mass at depths greater than 4,000 feet.

Explored

The most heavily explored ocean area is the North Pacific: outside this region evaluation of the resources available has so far been cursory. From the work done in the Pacific, the U.S. mining industry estimates the approximate metal content of ore-bearing nodules at 1.4 per cent. nickel, 1.2 per cent copper, 0.25 per cent. cobalt and 28 per cent manganese.

Research in recent years has led to a considerable modification of the heady estimates of the wealth available on the ocean floor. Calculations in the 1960s that the Pacific held 1.3 trillion tons of manganese nodules, containing 7.9bn. tons of copper and 14.7bn. tons of nickel are now largely ignored.

Studies done inside the Canadian Department of Energy, Mines and Resources and published in 1976 were related to what was economically feasible before the end of the century. They concluded that in the northern Pacific there was a 95 per cent. chance of there being 2m. tons of recoverable copper and 3m. tons of recoverable nickel and a 50 per cent. chance of there being 17m. tons of copper and 19m. tons of nickel.

Despite the imprecision about the extent of these ocean resources, enough is known to state that they are a valuable addition to the stock of the world's raw materials, but that they are not so immediately valuable as to justify a rush to exploit them before the next decade at the earliest.

The scale of investment in research and the number of companies involved is slight enough to suggest that when production does start to make a contribution to land-based output it will not be on a large enough basis to affect prices unduly.

"The most attractive economic prize for sea bed miners is high density nodule concentration combined with above-normal nickel, copper and cobalt values, for at this stage it is only the combined value of these key metals which promise the sort of financial returns which in the future might justify the heavy capital requirements needed," wrote Victor Prescott of the University of Melbourne.

For his part Mr. Alfred Statham, vice president of Inco United States, a subsidiary of Inco of Canada, the world's largest nickel producer, has told a U.S. Congress committee of "the general agreement that the economic viability of ocean mining will be dependent on the nickel value of the nodules."

This remark, made last October, is of especial significance in the light of the depression in the nickel industry which has led to widespread mine closures and cutbacks, not only at Inco operations in Canada, but also at newer developments elsewhere in the world.

"Existing nickel production capacity is adequate to meet anticipated consumption until around 1985," said Mr. Statham. It is around this time that ocean mining is expected to come to production on a limited scale. It is possible, however, that the savaging the metals industry has received at the hands of recession and inflation could retard this date. New land mines are difficult enough to finance and by comparison ocean mining looks even more speculative.

Actual costs will vary of course, but few will disagree with the general point of Mr. Statham. "The cost of producing nickel in existing operations will be lower than the cost of producing nickel in the foreseeable future from sea nodules. Although we will not know this with certainty until we actually have experience in ocean mining, our present estimates and projections suggest this will be the case."

The American Mining Congress has been more specific. "Demonstration and final processing plants will cause costs to spiral upward. Total at-sea and on-shore expenditures for commercial facilities are estimated to require capital ranging from $500m. to $750m. for each consortium, depending on the size of the operation."

Consortia

Among the consortia working out these sums, is one embracing Kennecott Copper of the U.S., Noranda of Canada, Mitsubishi of Japan and Consolidated Gold Fields, Rio Tinto-Zinc and British Petroleum, all of London. A second, bringing together U.S. Steel and Union Minière of Belgium, is called Deepsea Ventures. Inco is involved in a third with SEDCO of the U.S., DOMCO of Japan and AMR of Germany. A fourth is called Ocean Minerals and combines Lockheed of the U.S., Amoco Minerals which is part of the Standard Oil (Indi group, Billiton which is Royal Dutch Shell minerals and BKW Ocean Minerals, w is owned by the Dutch g Bos Kalis Westminster.

All in different ways have to work on five dis elements of ocean mining: tem of collecting the no from the ocean floor, a wa lifting the nodules off the securing a vessel for mining another suitable for tran of the nodules, and last means of extracting the from the nodule.

Techniques are now avai for each of the component of the mining operation. is lacking is the practical perience on a large scale it is certain that the inves will not be made until the framework for operations been worked out. The eye the consortia are on the La the Sea Conference and if does not quickly resolve issues of control, it is pos that the U.S. Government, w patience is wearing thin, respond to industry press and promulgate its unilateral rules.

Paul Cheeseri

Coming to terms with taxation

...ELS of taxation im- ...the mining industry ...y part of the general ...process of revenue- ...ey often owe a great ...state's view of the ...should be played ...elopment of natural ...in the national The issues involved ...re more complicated ...posed by establishing ...rporate taxation for, ...facturing.

...rting point for the ...ns is the ownership ...urces. Both develop- ...developed countries ...principle of the ...vereignty over the ...esources within its This is enshrined in ...d Nations General Resolution 1803 of

...Resolution carries ...of difficulty. "The ...ived must be shared ...ortions freely agreed ...ch case, between the ...and the recipient ...care being taken to ...t there is no impair- ...any reason, of that ...vereignty over its ...alth and resources." ...rtion of state primacy ...distinct break with ...l practice, when, as ...l Brown has pointed ...role of the state in ...pment of mineral re- ...as seen almost ex- ...regulatory terms."* ...eant that in most ...f the world, the min- ...anies were to be ...t for special treat-

...concept of State ...is pursued far ...en the role of the ...n be reduced to that ...ating contractor and ...which is no more ...eed return on capital ...Any revenues ...at agreed return ...the State through

...nathema to the com- ...o can argue that ...find the orebody in ...ce the State receives ...om taxes and that ...e. the capital risks ...exploration, where ...s of a viable find are limited, demand that any exceptional returns should belong to them. They should, in short, be compensated by an easy tax régime.

The level at which the taxation of mining companies is set therefore depends on the ability of both sides to find a compromise of interests. Whatever the compromise, the State still holds the whiphand, and this is as true in the regions favoured by mining companies for new investment as in the developing countries.

South Africa has traditionally welcomed the flow of investment brought in by the mining companies and the contribution to the balance of payments they make. But while there are allowances for capital expenditure, the State makes certain of its share of high profits for established enterprises.

In April last year, before the bullion price climbed to its recent high levels, Mr. Harry Oppenheimer, the chairman of Anglo American Corporation, complained that the levels were too high.

Profitability

"The tax structure of the gold mining industry is based on formulae linked to profitability. It is most unfortunate that the Government should have chosen at a time of great difficulty for the industry to increase the rate of tax payable through higher surcharges and loan levies. The effect of these changes is that richer mines now may contribute as much as 74 per cent. of their profits to the fiscus.

"It is believed that the upper limit of equitable taxation levels has been exceeded by these increases, and that the imposition of any further taxes will erode seriously the already low levels of investor confidence," Mr. Oppenheimer said.

From this it follows that the trick for the State is to pitch the level of taxation at a rate which gives it a steady return but which permits the companies to embark on investment and expansion programmes in order to increase the return to the State still further. Although the recent international recession has distorted investment patterns in the industry, there is evidence that even in countries accustomed and well-disposed to mining, the trick has been wrongly played.

Complaints in the industry have been levelled as much at the way the taxes are raised as at the level at which payment is demanded. Looking at African Commonwealth countries, Mr. Mike Faber, has isolated three ways in which Governments raise revenue.

His headings have a wider application. They are, first, imposts like rents, fees and licence charges, generally of a minor amount, which can be regarded as payments for the use of land or for administrative services. Second, there are royalties, or other forms of impost, which are payments by the mining company to the owners of the mineral rights, usually the state, for extracting, processing and selling. Third, there is regular taxation, like corporation or witholding tax, which are not special to the mining company.

The contentious section is the second because royalty payments are frequently demanded on what is produced rather than on the profits made from what is sold. Such a system pays scant attention to the often volatile nature of the international metal markets.

In February 1974 the Canadian province of British Columbia changed its mining tax system so that two tiers of royalty were imposed. The first was basic on production and the second was related to metal prices but was in effect a way of creaming off very high profits. The system was withdrawn in January 1977 because a new provincial Government was anxious to see industry investment increased.

But the application of the royalty in two tiers raises the difficulty of excessive profits and how such profits may be defined. The desire of the state to share in a windfall is understandable on the basis that it is the owner of the property which is being exploited and is therefore diminishing as an asset.

This attitude received clear expression recently when Mr. Reuben Baetz, the Minister of Energy in Ontario, asserted, "The Government can and will collect windfall taxes" if Denison Mines made too much profit on a uranium contract with Ontario Hydro.

Although Mr. Baetz did not define a windfall, his determination was part of a pattern which has been spreading. This is the changing of tax systems to give the state a larger and larger percentage of the profits when the profits increase above a certain level.

This is embodied in the agreement reached last year between New Jersey Zinc, a unit of Gulf and Western Industries, and the Thai Government. The company is to exploit a zinc deposit and the Government, in addition to taking 45 per cent. of the equity in the project, will receive a 2.5 per cent. royalty on gross sales up to 40,000 tonnes a year and a 7 per cent. royalty on sales between 40,000 and 50,000 tonnes.

Last December the Government of Papua New Guinea outlined a new tax code in a White Paper which contained provision for an Additional Profits Tax on cash flows in excess of a "reasonable" rate of return on capital investment

Borrowing

The reasonable rate of return was put as "a discounted cash flow return on total funds of ten percentage points above U.S. prime corporate borrowing rates assessed in U.S. currency." The new tax rate would be 70 per cent., less the ruling company tax rate, and would be levied on a project basis.

The fact that some mining companies have accepted to invest in PNG on similar terms shows that the industry is adapting, if unwillingly, to these sort of new terms. If the terms are settled—if, as it were, the rules of the game do not always change—then the companies will feel better able to invest. They will always be attracted to a valuable deposit, but only in conditions of some financial stability.

* Some policy and legal issues affecting mining legislation and agreements in African Commonwealth Countries by Roland Brown and Mike Faber; Commonwealth Secretariat; £2.50.

Paul Cheeseright

...Shares should look up

...S that U.K. investors ...s mining companies ...longer have to sur- ...5 per cent. of the ...t dollar premium on ...of their shares has ...new enthusiasm to ...nd created a more ...ket than has been the ...ome years.

...oval of the surrender ...quoted as the prime ...r the entry in April, ...nd firm of jobbers, ...nd Smithers, to the ...re market and the ...mpetition ought to be ...e.

...speaking, shares can ...d into two categories ...nt: golds, platinums, ...and energy stocks on ...hand and base-metal ...on the other. Riding ...est of a wave, recently, ...the producers of the ...metals and to a lesser ...diamonds and energy

...g at gold shares on the ...Gold Mines index ...an all time peak of ...y 22, 1975, the bullion ...$174.50. At the time ...g the bullion price is ...180, but the Gold Mines ...now 153.7, less than 35 ...of the May, 1975 peak, ...e discrepancy? The ...is politics and econo-

...ession

...bullion price dropped ...5.50 to $104.375 in the ...two U.S. Treasury gold ...a succession of Inter- ...Monetary Fund gold. ...On the political front ...elling of South African ...followed the Angolan ...r and an avalanche of ...onal selling devastated ...the wake of the out- ...civil unrest in Soweto ...1976. By August, 1976, ...Mines index had fallen

...proved to be the turning ...By October 1977 the ...nes index had recovered ...on the back of the ...bullion price, which ...the continuing balance ...nents deficit being run ...U.S., and the resultant ...on the dollar. ...came the Steve Biko ...South Africa which ...e index back to just ...135 during November. ...ing pressure on the dollar enabled the bullion price to maintain its upward movement and the prospect of increased earnings and dividends again began to attract buying interest in golds, notably from the U.S.

So the course of both bullion and gold shares seems to rely mainly on the outlook for the U.S. economy and the chances of a stable political environment in South Africa. Given a continuation of the current U.S. trade deficit the bullion price may well move ahead—some observers have forecast prices of up to $250 an ounce in 1978.

Another precious metal, platinum, has seen its "free" market price soar in recent weeks, mainly because the Soviet Union, the major supplier to the free market, stopped selling the metal and came in as a buyer thereby creating a shortage. Also affecting the market was anticipation of the U.S. adding more of the metal to its strategic stockpile, coupled with strong Japanese demand.

The two major non-Communist producers of platinum are South Africa's Rustenburg and Impala mines. Rustenburg's shares have moved ahead strongly recently, while those of Bishopsgate Platinum, the best means of entry into Impala, have performed similarly.

Both Rustenburg and Impala have raised their platinum selling prices from $180 to $205. Any further significant rise in the free market platinum price will enable Rustenburg and Impala to increase production and take advantage of the favourable conditions.

Practically speaking, diamonds means De Beers, when you consider that De Beers produces over 22 per cent. of world production of industrial and gem diamonds and markets over 80 per cent. of world output through its Central Selling Organisation. So successful has it been that it has never had to lower the selling price of diamonds sold through the CSO in the 44-year history of the organisation.

In the year to December 31, 1977, the CSO announced sales of rough gem and industrial diamonds of U.S.$2.07bn., an increase of 33 per cent. over 1976. And in December the CSO raised overall diamond prices by 17 per cent. which could well mean a further rise in sales revenue in 1978.

Even if the political climate in South and South West Africa worsens De Beers still has large non-South African interests. Current projects include the potentially huge Jwaneng deposit in Botswana, which is expected to begin production in 1982 with some 2m. carats in that year. As ever the future for De Beers looks reasonably bright.

As the world's oil supplies dwindle, alternative energy sources have to be utilised. Increasingly attention has been focused on coal and uranium. In Australia the great uranium debate continues. Indeed one of the major issues on which the December 1977 Federal election was fought was whether to mine and export uranium. The ruling Liberal and Country Party came in for considerable criticism over its uranium policy from the Labor Party and the Australian Council of Trades Unions but still won the day.

Exports

However, union pressure has forced the Federal Government to delay uranium exports until mid-February. So the future of the massive Northern Territory uranium deposits of Pancontinental and the Peko-Wallsend/EZ Industries partnership is difficult to assess.

South Africa has stolen a march on Australia as far as uranium is concerned. Gold producers with a uranium capacity have expanded operations with the help of customer financing.

The transition from oil powered energy to nuclear energy has created a gap which has in turn brought coal to the fore.

In South Africa, a rise in the domestic price of coal and the export opportunities arising from the new Richards Bay railway have seen the Anglo American Coal Corporation's earnings and dividends increase. In Australia, Utah Development was the second Australian company to break through the $A100m. earnings barrier, while other coal producers like Oakbridge and Thiess have also done well.

If you believe in the old adage in mining circles that the time to buy mining shares is when both the share price and metal price are at their lows then it may be that now is the time to invest in base-metal producers. The worldwide recession has left base-metal prices in a parlous state.

Copper shares have long lingered at rock bottom prices while lead/zinc producers have not fared much better. And the outlook for all three is still under a cloud. Even the mighty Rio Tinto-Zinc with its vast spread of interests including uranium, and iron-ore languishes a fraction above the 1977-78 low of 170p.

Equally depressed are nickel producers. World stocks of nickel are around 340,000 tonnes, while in the light of recently announced production cutbacks, 1978 production of around 440,000 tonnes will face a demand of roughly 500,000 tonnes. Therefore the producers must face the financing of huge stocks.

A lone good performer among base-metals is tin which touched a record £7,355 per tonne on December 9 last year. Tin shares moved ahead strongly during 1976 and 1977 following the advance in the metal market.

Sentiment in the share market was also helped by moves on behalf of many of the tin companies to transfer their domiciles to the Far East with the result that their share prices became enhanced by the inclusion of the investment premium and the freedom from U.K. dividend restraint.

Recently, however, Malaysian producers have tended to mark time as the metal price has eased on fears that the U.S. may release tin from its stockpile. If the U.S. sales do not materialise the metal price may well regain its upward path.

To sum up, the outlook for the precious metals sector, including diamonds, looks reasonably fair in view of the plight of the dollar, the U.S. economy and the uneasiness over the much heralded world economic recovery. On the other hand, base-metal producers will have to struggle on with the currently depressed price levels for copper, lead and zinc, while awaiting an upturn in industrial activity. Energy stocks like uranium and coal issues seem well placed to take advantage of the world's growing dependence on alternative power sources.

Steven Thompson

Base metal prices have divided into two camps — copper, zinc, nickel and iron are at very low levels, but tin, lead and aluminium are still finding a firm market. However producers of all the base metals would agree that they need a recovery in industrial demand.

Metals poised for recovery

These reports were written by John Edwards, Commodities Editor

Nickel

DISASTROUS IS the only word which describes the present state of the nickel industry. Production has exceeded consumption for five years in succession, with particularly large surpluses in the past three years, and the result has been a huge build-up in surplus stocks.

International Nickel of Canada, the world's leading producer, had estimated stocks of 340m. lbs at the end of 1977, which exceeded its sales figures of 312m. lbs for the year. The financial burden of the stocks has become so great that the company has embarked on a severe production cutback programme as the only alternative to bankruptcy. Other nickel producers are in a similar state.

The main cause of the hard times which have hit the industry is the failure of demand to recover as expected and the continued recession in the steel industry — nickel's main customer. This has meant that ambitious plans to expand production of the "wonder" metal have come to fruition at a time when demand has been falling instead of increasing. This has been aggravated by the entry of newcomers into the industry, notably Amax, adopting an aggressive sales policy to capture a share of the declining sales. As a result there has been a price war. Inco has abandoned its traditional price leadership and is now keeping its prices confidential, although to remain competitive it was forced to rescind previous increases. Other producers have lowered their prices too and very competitive market conditions remain.

Any sustained recovery is likely to take some time to materialise in view of heavy surplus stocks, but producers hope the sharp cutbacks in output will begin bringing supply and demand closer to equilibrium during 1978.

Lead and Zinc

LEAD AND ZINC, the two "sister" metals often mined together, have been very different markets in the past few years. Zinc, once the "high flyer," reaching all-time price peaks in 1973, is now firmly in the doldrums, overshadowed by a huge build-up of surplus stocks and poor demand prospects. As a result it is now priced below lead, where supply and demand is much closer in balance with prospects of shortages rather than a surplus developing.

Since the scarcity of 1973 when zinc on the London Metal Exchange traded at over £930 a tonne, it has fallen to £250 and below. The European official producer price, at which the bulk of zinc is sold under direct producer-consumer supply contracts, has been cut three times in the past 12 months from $795 to $550 a tonne.

Demand for zinc has fallen in both its main outlets. The depression in the steel industry has meant reduced sales for galvanising steel — the main market for zinc—while substitution by alternative materials, notably plastics and aluminium, have stolen a large proportion of zinc required for diecasting. The move towards lighter cars, to save on petrol consumption, has also hit zinc sales.

In lead, demand for batteries remains strong. Far-reaching changes in the battery market, including a switch away from lead-antimony batteries in favour of "maintenance free" batteries has, if anything meant a greater demand for primary lead in place of the traditional secondary antimonial lead recovered. At the same time, moves to phase out lead in petrol have been slowed down by the pressure on oil supplies and the need to maintain, or increase, the mileage per gallon rates in motor vehicles.

Iron Ore

IRON ORE producers have been going through a difficult time. The recession in the steel industry worldwide has lasted much longer than expected and in consequence the build-up of surplus stocks has forced production cutbacks and depressed prices.

Steel producers, notably Japan, have exercised options in long-term supply contracts to reduce their iron ore purchases, and most mines are now working well below capacity. Competitive market conditions have also meant price-cutting to uneconomic levels as an alternative to growing (and expensive) stockpiles.

With this general background, prices negotiated for 1978 have been far from generous for iron ore mines and have seriously affected investment in new projects.

But efforts put into expansion programmes in the past few decades have indicated that known reserves are more than adequate to meet likely demand. There are some signs of a recovery this year, but the overall position is not expected to improve substantially until at least 1979 and possible later.

Aluminium

ALUMINIUM HAS escaped much of the depression which has hit the other base metals markets. Indeed, prices have been raised steadily by producers to offset the constant rise in production costs, aggravated especially in the case of aluminium by the steep rise in the cost of energy.

Production of aluminium requires more energy input than other metals, and the industry recognises that it will no longer in future be able to rely on price competitiveness to win markets from competitive materials. Instead the emphasis *has shifted to ensuring a reasonable rate of return.* Sharp cutbacks in production during 1975, when demand fell to a low ebb, enabled the industry to trim surplus stocks to a reasonable level, unlike copper, nickel and zinc.

These cutbacks and an aggressive marketing policy, have enabled the industry to survive the generally depressed state of industrial demand better than most other metals, although the Japanese industry has been hit by heavy surpluses. However, in recent months demand for aluminium has noticeably slackened and the upward trend in prices has been halted. A major question for the future is how badly energy shortages in North America will affect the major source of production there, and disrupt existing trade patterns by shifting new production elsewhere to lower-cost areas.

Tin

THE TIN market has experienced boom times during the past two years with prices rocketing from just over £3,000 a tonne to a peak of nearly £7,000. Surplus holdings acquired by the buffer stock of the International Tin Council were exhausted at the beginning of 1977 after disposing of the tin purchased during support buying programmes in 1974 and 1975. A shortage of supplies was created by two years in which consumption exceeded production by a large amount. In 1976 the deficit of primary tin output to demand was over 13,000 tonnes and in 1977 around 18,000 tonnes.

The main shortfall was in Malaysia, where higher prices have failed so far to halt a decline in output because of the difficulty of replacing exhausted deposits. Exports by China also declined significantly, and demand remained strong despite the recession in the steel industry.

However, although another supply deficit has been forecast for 1978 tin prices have fallen substantially in the past few months. This reflects the strong possibility of the United States releasing surplus supplies of tin from its strategic stockpile which at *200,000* tonnes *still* represents almost a year's world consumption. It is also felt that the higher prices must soon start to stimulate increased production, and tend to discourage consumption.

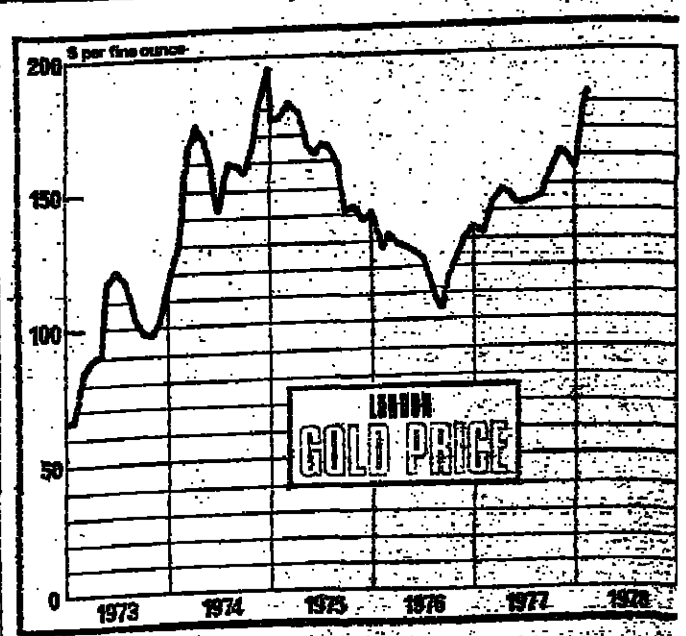
Copper

COPPER PRICES are close to their lowest levels for two years on the London Metal Exchange. This reflects the large surplus supply position, with world stocks currently estimated at over 2m. tonnes, against a global annual consumption figure of around 8.5m. tonnes and Western world demand at about 6.5m. tonnes.

The build-up in stocks is the result of production exceeding consumption for the past four years, despite some drastic cutbacks in output mainly in North America during the past two years.

Demand has failed so far to recover to the peak levels reached in the "boom" year of 1973, and prospects remain none too bright with investment in several of the main copper consuming industries remaining at a low ebb.

However it is generally recognised that copper prices cannot remain below the cost of production for the majority of mines for too long, especially in view of the damage done to the economies of developing countries relying on copper exports. The low prices, and escalating costs, have almost completely discouraged exploration for new deposits and the expansion of existing plants. It is feared this could lead to a shortage of copper during the *1980s*. Meanwhile moves are afoot to boost copper prices to more reasonable levels by artificial means. Copper is one of the ten "core" commodities in the Unctad integrated commodities programme, which would include a common fund to finance any buffer stock required to remove surplus supplies off the market. The Intergovernmental Council for Copper Exporting Countries (known as Cipec) is also urging its members to cut output so as to restore the balance between supply and demand.



Gold and Silver

THE TRADITIONAL role of gold as a store of value in troubled times has once again brought the metal to the fore as the bullion price rides along at a near three-year peak of $180 an ounce.

Investment demand stems mainly from the current weakness of the dollar in the face of a continuing heavy U.S. balance of payments deficit. This has resulted in a strong U.S. demand for gold as a currency hedge.

In Europe, French buying of gold and gold coins has intensified in front of the March 12 General Election. A Left-wing victory will almost certainly be followed by even heavier buying.

The monetary role of gold has declined following two U.S. Treasury sales, a succession of International Monetary Fund auctions and the impending removal of gold from the articles of agreement of the IMF.

But following the ratification of the Second Amendment, the central banks will be allowed to deal in gold at market prices. Whether they will increase their gold holdings is a moot point.

A major bearish factor [illegible] gold is the possibility of fur[illegible] U.S. Treasury sales if the p[illegible] moves ahead too sharply. [illegible] that case, however, any [illegible] sales could serve to bring a[illegible] tain stability to the market.

In contrast with gold, si[illegible] has suffered from the worldw[illegible] industrial recession as it [illegible] grown less of a monetary [illegible] more of an industrial [illegible] modity.

The repeal of the U.S. [illegible] ownership laws in [illegible] weakened the historical rela[illegible] ship of silver with gold and [illegible] recent decline in the dollar [illegible] not produced much U.S. [illegible] of silver.

A basic silver produc[illegible] deficit is more than covere[illegible] sales by hoarders and a [illegible] scrap recovery level.

So the immediate future [illegible] silver looks to be dependen[illegible] a recovery in world indus[illegible] activity, although the remai[illegible] the traditional links with [illegible] should provide some measu[illegible] currency hedge support.

Diamonds and Platinum

LAST YEAR brought an unprecedented boom in diamond sales, those handled by De Beers Central Selling Organisation overtaking the 1976 record of $1.55bn. to reach $2.07bn. So strong was the demand last year, especially for the small gems of under 1¼ carats (there are 142 carats to the ounce) that the CSO, which markets diamonds on behalf of De Beers and other producers, raised the average price of gems by as much as 15 per cent. in March and, to everybody's surprise, lifted them again in December by 17 per cent.

It was noticeable, however, that sales in the second half of 1977 failed to match the high levels of the first half. Perhaps the market has been riding the crest of the wave and could become somewhat less buoyant in 1978 if there is no pick-up in the economy of the U.S. which is the biggest buyer. But the current year's CSO value will be bolstered by a full year of the 17 per cent. increase; CSO diamond prices are never reduced.

As recently as the beginning of last November Rustenburg Platinum Mines, the world's leading platinum producer, announced that it was cutting production by between 10 and 20 per cent. in view of poor market conditions. So swift, however, was the change in [illegible] platinum picture that be[illegible] the month was out Rusten[illegible] raised its selling price [illegible] $162 to $175 per ounce.

A few weeks later [illegible] other major producer, Im[illegible] Platinum, lifted its price [illegible] $162 to $180. Rustenburg [illegible] lowed suit immediately [illegible] towards the end of Jan[illegible] this year both producers [illegible] further increased their se[illegible] price to $205. Yester[illegible] Rustenburg stepped fa[illegible] ahead with a rise to $220.

The revival was triggere[illegible] by rising prices in the [illegible] market which in the early a[illegible] of this year crossed the [illegible] mark to reach four-year h[illegible] The free market is la[illegible] supplied by Soviet metal, [illegible] buyers found little avai[illegible] and, indeed, the Russians t[illegible] selves were buying in ord[illegible] meet their sales contracts.

A further twist to the m[illegible] price spiral has come wi[illegible] strong Japanese demand [illegible] there has been talk of pu[illegible] purchases for the U.S. stra[illegible] stockpile. Prices on the [illegible] market have moved up fa[illegible] to around $230, but tradin[illegible] become less excited and [illegible] market appears to have en[illegible] a period of consolidation.

K

Towards greater automation

ES IN mining techusually take place y and are often is or advances on techniques. Fortuand in contradiction to the growth of mining gy from the Industrial on to the last war, imnt nowadays is invariked with advances in l safety.

g has always been a is profession — its sually lies in the magnind circumstances of s, which happen in an nent which is alien and ul to most people. But majority of mine accie small injuries to in-, usually in contact chinery, and equally in other heavy indust was no surprise that coal miners found the rity element in their pay offer suspicious. now all too well that "productivity" used to nymous with a decline standards.

ays, however, imfficiency and producoften linked with automation. That means that the operae miner is that much physically removed potential source of There are two prime of this. One is workthe other, unforwas ahead of its time, defeated mainly by its plexity.

the more dangerous hard rock mining is raises, or winze-raise ns, tunnels running down through the rock, usually at an close to vertical as is For technical reasons, usually out from the upwards (a raise—a the same tunnel cut top downwards). But and working in a nning upwards at 35 or more can be very hazardous work. Now d bore has been and is being tested, an cut the whole r. being drawn up from the top on a cable passing through a previously drilled small diameter diamond drill hole.

The other example is the now famous Bevercoates coal mine in north Nottinghamshire, which made mining history when it came into operation in 1964-65. Here, whole coal faces were cut trammed and supported by one operator working at a remote control panel. The whole operation was run automatically, and was planned to operate a seven-day shift. There was considerable union opposition at the time, but its reversion to the semi-automatic system which is common on other British coal mines was really the result of its own over-sophistication. It used existing support, cutting and tramming systems, but tied them all together. Although normally reliable, each of these individual systems had its own occasional problems or malfunctions, and these were magnified and multiplied by the central operation system.

Nucleonic

Bevercoates was a brave effort which failed to work as planned. But the broad trend in both coal and hard rock mining is still towards more automation. Nucleonic steering has been introduced since the Bevercoates experiment, adding a further automatic dimension to the coal cutting operation. Quite simply, it is a radioactive device which detects coal from waste rock and adjusts the machine height automatically.

Since Plan for Coal, and the realisation that Britain's oil reserves will last for considerably less time than the abundant coal supplies (swelled by Selby and Belvoir last year) the National Coal Board, which is responsible for a great deal of the stimulation of new technology in British mining, has gone in at the deep end in its efforts to improve mining conditions all round.

Advanced Technology Mining (ATM) was introduced in the middle of last year, a trial concept at collieries in Yorkshire and the Midlands which brings together the most advanced designs in underground production machinery. Basically, it is an effort to get back to the Bevercoates ideal, but gradually and carefully, making sure that machinery and equipment performing different tasks will integrate satisfactorily. It also means advanced automation, but this is still a delicate subject with the unions.

Allied with the advance in technology in coal mining is the advance in mining method itself. Retreat mining, which used to be considered expensive because of the cost of developing roadways round the circumference of the orebody before any winning could take place, has become far more attractive with greater mechanisation and automation. But it still cannot be practised on the scale the NCB would like because this particular method is prey to engineering and geological complications.

The NCB is committed, however, to retreat working and substantiates its reasoning by pointing out that with present systems, productivity in terms of output per manshift, and bulk output, is virtually doubled — mainly due to manpower saving. In a test case last year, 103 retreat faces out of 722 mechanised coalfaces produced 20 per cent. of all deep mined coal.

Much of the credit for curent advances in both method and mechanical automation technology is due to the NCB's Mining Research and Development Establishment at Stanhope Bretby. It also has a test bay site at Swadlincote, and in the three years since Plan for Coal, MRDE's staff has increased from 650 to 1,000, and its facilities have been broadened. MRDE has done much towards developing new mining equipment, often in collaboration with commercial equipment suppliers.

But the two areas in which most recent advance has been made have actually been removed from the coal face; faster and more economic transport of ore and materials and quicker transport of men to and from the working face. The increase in materials handling is being taken care of by a now commen surface transport development—palletisation and containersation, so that materials and equipment are now leaving the factory and being moved directly to the point at which they will be used underground.

Loads

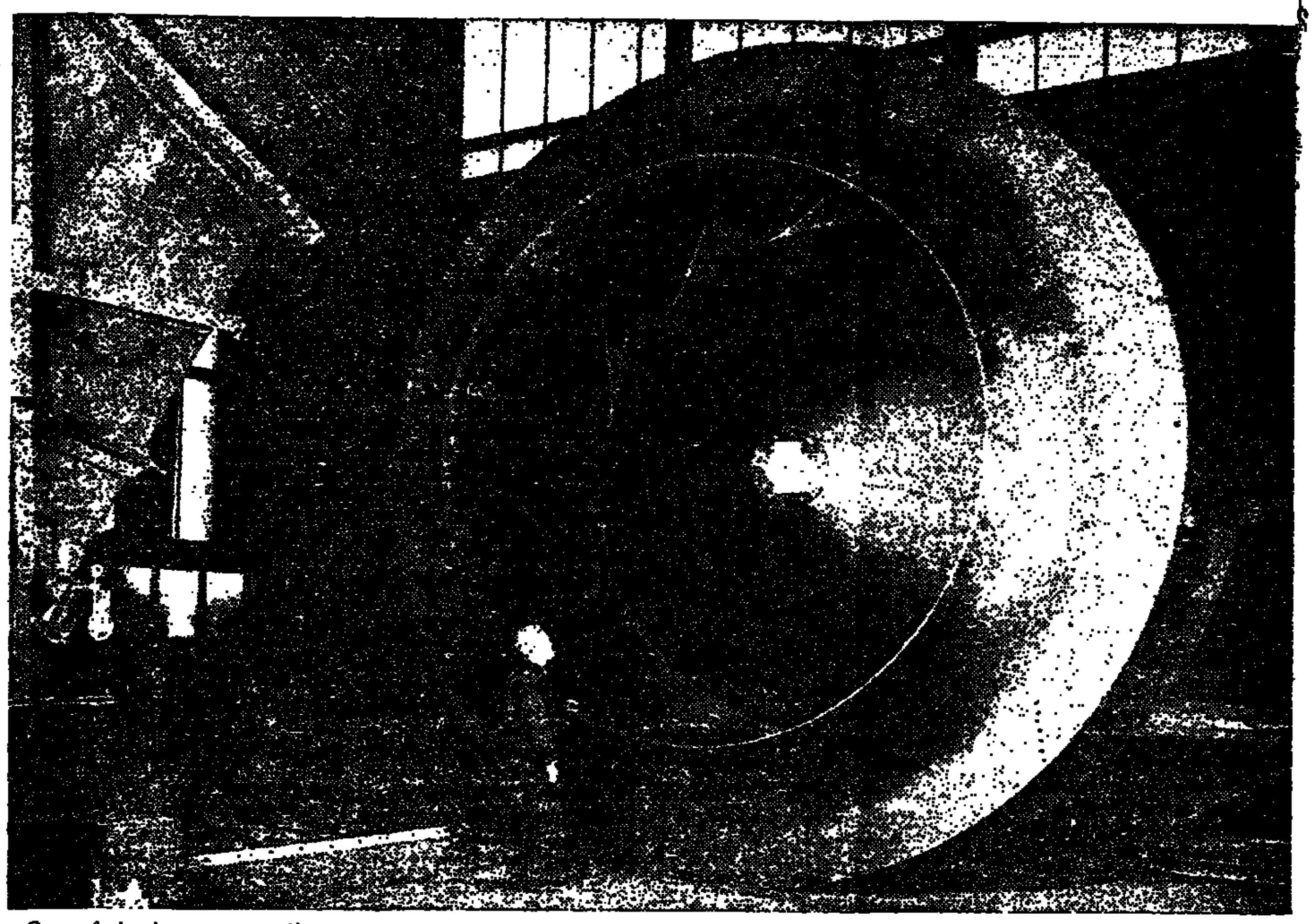
Ore and coal handling are being speeded up by the introduction of a container-like device at the shaft station which can take larger loads than the older skip-car method—between 5 and 10 tons can be pulled per wind—and this reduces loading and unloading times.

Men and material movement has been speeded up by using a new type of rail, rather like a rolled steel joist, on which the vehicle carrying wheels are supplemented by secondary wheels running horizontally in the web of the rail. This system allied to an MRDE-developed rail fail-safe brake has gone a long way towards reducing derailments, and consequently, allowed speeds to be increased. Some mines have tried employing special travelling roadways which run direct and at high speed to the working place, avoiding the usually tortuous route that develops as working areas advance, and in reducing travelling time, allow more time at the working place.

Technical advancement has not been restricted to underground coal alone. Plan for Coal envisaged increasing output from opencast workings to 15m. tons by 1980, and the NCB expects to show that by the end of the financial year this March it will have produced 12m. tons from an annual average of 60 sites. There could be 80 sites by the end of the decade.

The biggest single advance in opencast coal mining, as the NCB's Opencast Executive justly boasts, is not in mining method or equipment so much as environmental restoration. It is generally accepted that Britain leads the world in what is called Environmental Impact Technology, but it is largely a phenomenon of the past five years. Now, restoration planning starts right at the beginning of a project, before shafts are sunk or pits are cut.

"Hiding the site or improving its appearance are the two basic rules," says Dr. Christopher Down, lecturer in Environmental Impact Technology at the Royal School of Mines, Imperial College," and this can mean thinking carefully about the aethethic aspects of surface plant design, as well as landscaping and forestation." The Open cast Executive actually has a model farm at Bryngwyn in south Wales, which it runs in conjunction with the Soil Association and the University of Wales to study organic farming techniques on land disturbed by mining operations. About two-thirds of the acreage is reclaimed and about a third is normal arable land used as a control.



One of the largest ventilation fans ever made, James Howden's 17 ft. diameter impeller for the NCB's Abernant Colliery.

Specialisation

Serving the mining industry in Britain and abroad is the highly specialised mining equipment manufacturing industry. Britain's contribution to world mining machinery has always been considerable, and a substantial export earner (£68m. in 1976) and about £70m. last year. The industry consists of about 100 companies employing 26,000 people and makes a comprehensive range of products from coal cutters and hard rock drills to safety and communications systems.

The trade association concerned with export is the Association of British Mining Equipment Exporters (ABMEX) and, as might be expected, excels at selling coal face installations abroad. ABMEX also has the support of the NCB, which provides a useful sales aid service both to ABMEX and CUMM, the domestic Council of Underground Machinery Manufacturers. Both CUMM and ABMEX are expected to join together in the future, since many manufacturers are members of both organisations.

International competition for mining equipment contracts is fierce, particularly from the French and the Germans. The U.S. makes a great deal of mining equipment, and the Japanese are a force to be reckoned with. The NEDO has a mining machinery sector working party, which among other things, is working towards streamling the British industry in such a way that supply bottlenecks are avoided, and with the NCB, is trying to produce a co-operative export organisation.

Apart from the independent export consultants, ABMEX members have the advantage of the services of PD/NCB Consultants, a consultancy half owned by the NCB and half owned by Powell Duffryn, and a prime example of the kind of co-operation which exists between the state body and the industry. The NCB, it should be added bought 50 per cent. of Powell Duffryn in 1974.

One of the problems which has faced the equipment manufacturing industry in the past (but which will move closer to solution as export growth continues) has been the monopolistic nature of its domestic customer, the NCB. Although relations between the NCB and the manufacturers are, and always have been, very good indeed, any reduction in NCB activity, usually as a direct result of government policy as much as economic considerations themselves, has meant an immediate drop in demand for the manufacturers.

Consequently, past experience has led the equipment manufacturing industry, the CUMM members, to be fairly cautious about new investment, and forward planning. Evidence of the NCB's concern about this lies in its continuing efforts to persuade CUMM members to diversify into export markets.

Plan for Coal has gone a long way towards reassuring the British industry of its longer term future, and equipment suppliers are growing more confident in their forward investment planning. This ought to spin off into exports if they can maintain and build on their reputation as some of the most sophisticated mining equipment manufacturers in the world.

Rodney Smith

On the next three pages, correspondents from some of the major mineral producing areas examine local mining conditions and assess the outlook for the future.

United Kingdom

IN SIMPLE TERMS, the major problem in the U.K. coal mining industry four years ago was where to get capital. In equally simple terms, the major problem of to-day is—where to spend it.

Four years ago was the period before the Plan for Coal—one of the many by-products of the Arab oil producers test of strength—when investment in the National Coal Board was at a low level and when, as Lord Robens, the chairman of the NCB throughout the 1960s, recently reminded us, civil servants were talking of outputs of 80m. tonnes a year, or less.

After the publication of Plan for Coal, in which the Government promised to invest what turned out to be (so far) £3,700m. in return for the NCB and the miners' promising to raise output to 170m. tonnes by the year 2000, the Board has been suffering from some of the pangs of the benign disease known as embarras de richesse.

The form this embarrassment has taken is one of being unable to spend the money which must be spent if productivity and output are to be raised. The twin problems have been in the first place, the miners, and in the second place, everybody else.

Intransigence

The miners have been less intransigent than everyone else. While the national coal productivity scheme was rejected by a ballot of the mineworkers last November, local schemes have been going through in one area after another. The more productive areas—which had generally voted for the productivity scheme in the ballot—led the way: and, as the Coal Board had expected, workers in other areas decided first, that they were unlikely to get much more than a 10 per cent. rise on their basic pay, and second, that the bonus scheme—while it meant harder work, and might mean more danger—was nevertheless money in the hand.

So the miners have taken the money, and early indications are that they are producing the coal. The NCB expects a rise in output of about 10 per cent. in the next few months, as all the areas begin to operate the bonus scheme.

But what of everyone else? The problem, at least with those who live in or near mining areas—is that they are no longer prepared to put up with the mess coal mining makes. The increasing strength of the environmental lobby is seriously delaying the work of two crucial areas of NCB development—opencast mining, and the proposed big new pit in the Vale of Belvoir.

There has never been any doubt that opencast mining is messy: not only is the ground ripped up over hundreds of acres, but the roads round the site are quickly covered in black sludge, and the grime inevitably seeps into gardens and homes. A visit to some South Wales mining villages still surrounded with worked-out sites provides a graphic illustration of why people are crying "enough."

The protests are not confined to South Wales. In the Midlands, North East and in Scotland, more and more sites are now being contested: objections mean an enquiry, which delays the commencement of work—in a few cases, it means that the site is not exploited at all. The irony—for the NCB—is that its standards of cleanliness and of care for the environment have never been higher.

The same kind of objections are delaying the opening of a substantial deep mine in the Vale of Belvoir, north of Melton Mowbray on the Leicester - Nottinghamshire border. The reserves are thought to amount to 510m. tons, worth around £10bn., costing £500m. to exploit. The NCB plans to sink three pits, each covering 80 acres of land: the complex will employ nearly 4,000 workers.

Clearly, Belvoir is a vital part of NCB future planning, ranking with the Selby mine (from which a similar output is expected), but causing much more trouble. The area is not industrial: indeed, the objections to exploitation at Belvoir appear to be not only on environmental grounds, but also on social ones. While the environmentalists—headed up by the Duke of Rutland—privately don't expect total victory, they do want to minimise what they see as the damage.

That means, at the very least, the Coal Board will have to ensure that schools, housing and other essential provisions are made both well in advance of the arrival of the miners, and also that the provisions are made with the agreement of the local people. Diplomacy is the order of the day.

Elsewhere, expansion proceeds more smoothly. Last October, the Board formed a subsidiary called British Coal International, which handles the renewed emphasis on exporting, as well as a growing number of joint ventures with overseas coal producers. BCI takes in, for the first time, the Association of British Mining Equipment Manufacturers (ABMEX), whose sales overseas last year were worth around £70m.

John Lloyd

Canada

LARGE INVENTORIES of some key non-ferrous metals dominated the Canadian minerals industry in the last half of 1977, and will continue to do so well into 1978. These high inventories in nickel and copper, and also zinc, have strained the liquidity of such major integrated mining corporations as Inco and Noranda Mines, and have caused the layoff of several thousand workers in Ontario and Quebec and severe production cutbacks.

The cause is the deepest post-war recession and prolonged slowdown in European, Japanese and North American economic growth. The heavy overcapacity of steel and difficulties in the consuming industries are the reason for an excess of iron ore, though prices have been maintained better than in non-ferrous metals.

Uranium exploration, development and production (located mainly in the Elliot Lake region of Northern Ontario and gathering pace in Northern Saskatchewan) remains the strongest area, though due to long delays in nuclear power station building in many countries, oxide prices may now remain on a plateau for several years. The present world price is around $U.S.42 a pound for 1980 delivery.

Production

There has also been strength in lead, partly due to lagging production and smelter capacity in many countries. Some minor metals such as molybdenum have remained in good demand and should continue to do so. A general levelling-out in lead prices is expected this year.

Gold mining is not a large industry now in Canada, though high prices have induced continued exploration and several small properties are coming to the exploitation stage in Eastern Canada.

Canada has become the Western world's largest producer of newly-mined zinc. Inventories are high and prices depressed. The American zinc industry has asked Washington for strong protective measures and this has been causing anxiety to Canadian producers.

The strongest of the Canadian mining companies, while their stocks probably lost on average about 25 per cent. of their value on the exchanges last year, will be able to survive the present difficult period since they are producers of a wide variety of products, including fertilizers and industrial materials. Some minor metals in good demand come as by-products of non-ferrous smelting and refining.

The taxation problems of 1975-76 between some provinces and the Federal Government have been largely resolved, and the punitive tax structure imposed briefly by the new Democrat Government of British Columbia, reversed. There is a better climate for exploration over almost all Canada, although there is some hesitation for political reasons in Quebec. There any new mining properties to be developed in the next few years (such as the $300m. asbestos deposit of Brinco) will almost certainly require equity participation by the provincial government as an insurance against possible political action later.

Expropriation of more foreign-owned potash mines by the Saskatchewan Government in 1977 has turned international minerals of the U.S. to New Brunswick potash deposits and a new mine there is possible within two or three years.

Again in the east, the Kitts-Michelin uranium deposit in Labrador is delayed indefinitely by high costs and problems over port facilities. Metallgesellschaft of West Germany is minority partner with Brinco.

Uranium Exploration is still on the upswing in Northern Ontario, Northern Saskatchewan and more recently in the British Columbia Cordillera. West German financial backing is prominent. In recent years, several major oil companies such as Shell Canada, Imperial Oil (Exxon) hav[e] come directly involve[d in] uranium and non-ferrous [...] exploration and develop[ment]. Now they are moving st[...] into Western coal. Cana[da ex]ports nearly 10m. tons a y[ear to] Japan and elsewhere, but [in a] few years Western coal w[ill be] moving in major quantit[ies to] the East via the lakehe[ad to] fuel Ontario power statio[ns].

The Quebec Governmen[t last] fall moved to take over As[bestos] Corporation, the second l[argest] fibre producer in Canada, [from] General Dynamics of the [U.S.] Preliminary negotiations [have] been held and both side[s are] preparing their valuation[s...] protracted negotiating pe[riod is] expected.

Research

The Quebec Governme[nt has] set up the National As[bestos] Corp., with resources of [...] Can.$250m. for full acqu[isition] of Asbestos Corp. (Genera[l Dyn]amics holds 54.6 per cent[...]) for setting up a gover[nment] asbestos research organis[ation].

The Government's ob[jective] is to increase processing o[f ...] in the province from th[e pre]sent 3 per cent. to 20 per [cent.] in the next ten to 15 yea[rs ...] ambitious target. It also [...] to set new environmenta[l stan]dards.

With the fast developm[ent of] the West and pipelines pr[...] to the Arctic areas, mini[ng ex]ploration is moving f[urther] north than ever before. [For] the first time some more p[...]ing areas of the No[rthern] Yukon and the North[west] territories are being lool[ed at] with modern equipment [...] at the northwest tip of [Baffin] Island, the high-grade [Nani]cona zinc mine has start[ed ...] —Canada's most northerly [...]. Others will follow, as o[il and] gas exploration opens u[p the] Arctic areas further in th[is] decade.

Robert Gib[...]

United States

THROUGHOUT MOST of 1977 the main sectors of the U.S. mining industry have been amongst the most depressed parts of the economy. The one really bright spot in the mining sector, the aluminium companies, depend on imported bauxite for about 90 per cent. of their raw material and even their prosperity has been based on factors which some analysts argue may not persist.

As energy costs in the U.S. rise to world levels the advantages which the aluminium companies have had in this respect will be eroded and there are suggestions that they could move more of their operations off-shore. At the same time, it is a moot point whether the car industry, for example, will continue to increase its consumption of aluminium at the recent pace in order to help meet Government imposed mileage standards, and whether it will continue to raise its share of the soft drink packaging market.

Aluminium aside, key sectors of the mining industry have been struggling with problems with which they have not shown much sign of controlling. The weakness of the world-wide economic recovery has been a factor in the industry's difficulties, particularly for the copper producers. But in addition, overcapacity in steel and the associated recession in the industry has had a depressing impact on U.S. iron ore operations and on the metallurgical coal market. The steel industry's woes have also had an impact on one of its main supplies, the nickel industry.

But while the overall economic picture has been a factor in the mining industry's performance, special circumstances have in many cases been at least as important.

In the copper market, for example, by the end of last year copper prices in the U.S. at around 61 cents a pound were close to 30 per cent. below their 1974 high. Overproduction in developing countries anxious to keep foreign earnings up to try and meet their own international payments problems, have created huge stocks of the metal and led to the U.S. market being floded with low cost copper imports. Last year, imports of refined copper captured 17 per cent. of the U.S. market and were running at a rate half as high again as in 1976.

Predictably, the impact has been to force massive layoffs and cost cutting measures on the copper companies, including mine closures, which were particularly serious in the State of Arizona where the bulk of the nation's copper mining is carried on.

The impact of these events shows up clearly on the profit and loss accounts of some of the leading companies, including the industry giant Kennecott Copper. For the year as a whole, the company incurred a net loss on its operations which was offset by income from items such as its sale of Peabody Coal, so that overall it was able to report a paper thin profit of $7m.

Against this background, appeals for some protection from imports, in the form of higher tariffs for example, have been raised, which are reminiscent of the demands which the steel industry has been making with apparent success. The Carter Administration with its free trade commitment is unlikely to be in any hurry to respond to these calls however.

Another area which is rapidly showing signs of at least temporary financial setback is the coal industry. Early last year it seemed that coal's future was looking brighter than for some time as the Carter Administration's energy plans presented a target for a doubling of coal output by 1985 to around 1.2bn. tons annually.

Prospect

The prospect of a big increase in coal's share of the energy market has been dimmed not so much by the new strip mining laws which have been passed, as by tough environmental air quality regulations, which could, as they stand, virtually eliminate the cost advantages of western strip mined coal in eastern and mid-west markets, at least over the time period envisaged by the target.

There are too related transport problems which through the target into doubt. But if western coal is not to grow as rapidly as has been anticipated what are the prospects for higher production from Appalachian fields. A major consideration here has to be labour relations, the threat to such production has been underlined by the longest coal strike in history which after two and half months is still in progress. Whate[ver the] outcome of the strike wh[ich is] now more likely to favo[ur the] unions than the industr[y, the] question of whether th[e con]tract terms will do anyth[ing to] improve labour relations [in an] industry with the worst [...] in the country, is moot.

The long strike seems d[...] to sour relations and it [may] be years before labour [and] management attitudes c[hange]. While this is undoubte[dly a] cloud on the horizon, th[e fact] remains that heavy inve[stment] in new coal mining facili[ties is] continuing and the gener[al view] that investment in natu[ral re]sources is likely to be pro[fitable] in an increasingly re[source] hungry world remains.

The buzz, therefore is d[iversi]fication. There have not [been] such major restructurin[gs of] natural resource compan[ies as] General Electric's purch[ase of] Utah or Atlantic Richfiel[d's of] Anaconda, but diversifica[tion is] still a hot issue.

Ironically it was Ken[necott] Copper which underto[ok the] most daring diversificatio[n with] its costly purchase for [...] of abrasives manufactur[er Ca]rborundum which attracte[d] notoriety. It did not wholly [put] down speculation that [Kenne]cott itself might still be [a take]over candidate, however.

In the meantime, with [...] prices low and cash [...] abundant, especially i[n the] treasuries of the big oil [com]panies, further diversif[ication] moves within the natur[al re]sources field which could [involve] the mining companies [cannot] be ruled out.

Stewart Fle[...]

Australia

THE IMPENDING energy shortage in Australia due to dwindling oil reserves has resulted in a marked change of emphasis in the mining industry from the base metals to the alternative energy resource, coal, over the past two years. The steel recession in Japan, Australia's biggest coal customer, has failed to dampen the optimism of the leading Australian coal companies, who see the long-term prospects for coal as perhaps the brightest on the local mining scene.

Australia must find its energy requirements from somewhere. And the lead times required to bring nuclear and solar power technology into practical use make coal a natural bridge over the energy gap—more so in the light of current interest and research in the field of conversion of coal into petroleum products, which at present account for the great bulk of this country's consumption. Prospects for coal exports, particularly to the U.S., are also improving.

Iron ore, which used to be the strength of the Australian mining industry, has taken second position to coal in recent years due to the prolonged worldwide recession in steel. While the mineral is still a strong earner—the industry leader, Hamersley, has turned in a record profit—the pressure for price cuts on exports to Japan due to the slump in demand is being increasingly felt.

Although Hamersley and Mount Newman, which together provide about 36 per cent. of Japan's iron ore imports, are planning significant lifts in production when their new concentrating plants come on stream in 1979, combined shipments in 1977 represented only 77 per cent. of annual capacity in 1978. BHP will replace Japan's Nippon Steel as Mount Newman's biggest customer here again. The longer term outlook is brighter as witnessed by the expansion programme which will cost Hamersley $A375m. and Mt. Newman $A113m.

Tin mining in Australia is one of the few sectors enjoying a buoyant world market for its product. According to an international trade council estimate, world tin consumption exceeded production in 1977 by about 20,000 tons, and was likely to run at a similar level this year. Australia's biggest producer of this semi-precious metal, CGFA stable member Renison Ltd., earned a peak profit in the interim period to December, 1977 and is known to be looking at optimising its output with a view to expanding production capacity and possibly building its own smelter. World commercial stocks are at high levels and the market is faced with record high prices as well as a substantial projected production deficit.

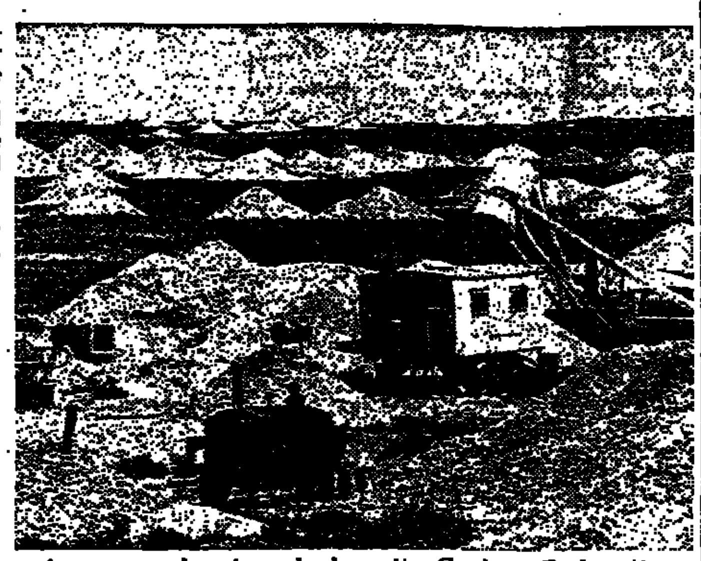
Meanwhile the slump in world demand for copper has severely eroded revenue from the metal for Australia, to the point where one mine, the Gunpowder operation in Queensland, has been forced to close down because copper prices do not cover production costs. Gunpowder is owned by Consolidated Gold Fields Australia, which is also the parent company of Tasmanian copper producer Mount Lyell Mining.

Fate

Mount Lyell has been forced rely on Government aid in recent months to reduce its loss rate, and its fate depends on the outcome of a Government inquiry into the industry. Gunpowder, a rich and low-cost operation by Australian and world standards, would need an estimated price for copper of $A1,450 to break even against the current level of $A1,080 a tonne on the local market. Bougainville, which broke records in 1973 with a $A145m. profit, has been suffering a severe earnings decline and earned only $A33m. last year.

Bauxite is another area of contrast to the rest of the mining industry in Australia. Already the world's largest supplier of raw materials for aluminium smelting is on the verge of becoming the dominant global producer of bauxite and alumina, according to one pundit. Utilisation of the finished metal is growing especially in the transport, building and aerospace industries, and the predicted continuation of this growth is expected to lead to world shortages in coming years. Australian producers have been quick to recognise the potential for future bauxite sales, and at present two new alumina refineries in Western Australia are in the planning stages. World prices are already increasing, and these resulted in peak profits for two Australian bauxite-alumina companies —Comalco and Alcoa—in the past full year.

Lead and zinc, found together in the New South Wales deposit at Broken Hill, where two of the world's richest mines are located, have been following divergent paths in the past year. Australian Mining and Smelting, which owns the two Broken Hill mines, has switched its production emphasis from zinc to lead following sagging zinc prices and concurrent steady demand for lead. Nevertheless, producers expect consumption of the two metals to rise at a rate of about 2 to 3 per cent. a year over the next decade, and plans are being made to develop new deposits. Conzinc Rio Tinto of Australia, a partner in the only present development, the $A80m. Woodlawn venture in Colbourn, NSW, and whose



An unusual mineral deposit; Coober Pedy, the world's largest opalfield, which is about half way between Adelaide and Alice Springs.

Mount Isa deposit is a traditional source of lead and zinc, has proven reserves at Hilton, north of the present mine in Queensland and is looking at building a $A200m. refinery for the ore at Townsville.

Dwindling reserves of gold in Australia have left only a few mines active, the biggest of which is the Kalgoorlie operation owned by Kalgoorlie Mining Associates. This company, along with Central Norseman, Peko-Wallsend and Australian Development, was profitable in 1976-77, when the gold price was $A150 an ounce. Higher prices may indicate some recently closed gold mines, especially in the Kalgoorlie region, to reopen, but the fortunes of Australian mines in recent years have been subject to wide fluctuations.

The nickel price slump has proved a disaster for Australian nickel miners, the most famous casualty being the one-time high-flyer, Poseidon, whose former mine at Windarra was recently closed by the new owners. Western Mining cut output at Great Boulder by 10 per cent. last September and the smaller Redross mine also closed down only last week.

Steven Calder

Latin America

THE LAST 12 months could go down in the history of mining in Latin America as a year in which much was talked about, little achieved and some big plans cancelled. As in other parts of the world the low price of metals and the prospect at best of a very gentle firming of demand meant that only the biggest companies were able to take a long view and make new commitments. Some big investors did exactly that but others stood still or even revoked earlier projects. Many foreign investors continued to be put off by the spectre of political and economic instability even in those countries which did their best to welcome them.

Expensive

Typical of the big projects which were left in the lurch was the Serra dos Carajas iron ore scheme in the Brazilian Amazonian jungle. During the world steel slump, the principal shareholder, U.S. Steel, was unwilling to push ahead with a potentially rewarding but extremely expensive plan which involved the building of hundreds of miles of railway through jungles and across rivers.

Brazil was also to suffer when Japanese interests decided that a big bauxite scheme, Trombetas, was not sufficiently interesting for them at the moment.

Among the most depressed of all metals has been copper where prices on the London Metal Exchange drifted mostly under the $0.60c. per pound mark, a level which is below the cost of production in all but the most efficient and rich of Latin America's mines.

The region's biggest producer, Chile, saw its output cut last year to 971,800 tonnes, down 10,000 from the previous year. The rock-bottom price of the metal and the depressed selling price of mines provoked a notable development, however, in the decision of Exxon, the world's biggest oil company, to buy the Disputada de las Condes mine near Santiago. The company hinted that it could spend more than $1bn. on developing the mine to make it a rival of the Chuquicamata and El Teniente operations which are the largest in Chile. It appears, however, that it will be at least two years before the company will have completed its evaluation of Disputada. The reports that Atlantic-Richfield, the U.S. oil company which received oil drilling concessions in southern Chile, may also decide to branch into mining in Chile may mean that that country could become a laboratory of how oil companies achieve diversification.

The low copper figures have made as depressing reading in Peru as they have in Chile, though Peru, with a much more diversified export sector, is not as much at the mercy of copper as Chile is. The low copper price has made the job of getting some early return from the very large investments made in copper mines in recent years an extremely difficult one. Production costs at Cuajone, the biggest of the recent new copper mines to come into operation, are put at $0.70c. per pound. The hard pressed state company Mineroperu is having to rely more and more on private finance for new ventures.

Distinction

The brightest spot on the mining map of Latin America has been the continuing high price of tin from which Bolivia has been the grateful beneficiary. The price is now so high that it is able to absorb the cost of being flown from Bolivia to producers in Europe, thus sharing a distinction hitherto reserved for precious metals such as gold and platinum.

The world price of $1,700 per picul is several multiples of what it was only a few years ago and the prospect of a continuing gap of between 15,000 and 20,000 tonnes between the amount the world's producers will turn out this year and that the market will demand this year is keeping the price up. The principal bearish element in the situation is the possibility that the U.S. could decide to sell up to 50,000 tonnes of metal from its strategic stockpile between now and 1980.

The fortunate Bolivians have been pushing ahead with one of the silent revolutions of Latin American mining as they refine increasingly high proportions of their ores, not just tin but also antimony, lead, zinc and bismuth. As the next decade progresses the Bolivians hope to cease being exporters of many ores and be exclusively selling metals.

After decades of planning the Bolivians hope also to achieve real progress in the exploitation of the Mutún iron ore deposit in the far south east corner of the country. The possibility of producing steel from Mutún has been something that has enticed successive Bolivian governments and when the world moves out of its present situation of overcapacity Bolivian planners expect to make Mutún a going concern.

Nickel seems to have a bright future in two countries of Latin America. With Soviet help Cuba hopes to raise its present productive capacity of about 38,000 tonnes a year by half in the next few years while at mid-year the Exmibal nickel operation of International Nickel and Hanna Mining started up in eastern Guatemala with a production capacity of about 10,000 tonnes a year.

Hugh O'Shaughnessy

South Africa

THOUGH SOUTH Africa has expanded massively into base mineral exports in recent years, it is a striking fact of the Republic's mining scene that gold remains by far the most important product. The gradual decline in gold output continued in 1977 and at 697 tons, production levels were well down on the 1970 peak of 1,000 tons. But thanks to an improving bullion price, which averaged $143.75 per oz. to the South African gold mining industry, receipts were up from R2.35bn. in 1976 to R2.8bn.

A combination of the higher gold price and strong demand for uranium, a common by-product in many of the Republic's gold occurrences, and with generally weak base metal prices, has put the quest for new gold prospects at the top of the local exploration league. Furthest advanced so far is the intensive drilling programme by Union Corporation and Anglo American in the Orange Free State, South of the existing gold field, where two new gold-uranium mines are possible. Exploration also continues for extensions to other gold fields, particularly to the West Wits Line about 60 miles west of Johannesburg.

In addition, over the next 18 months three new gold mines whose development has been in hand for five or six years will come into production. Gold output from Unisel, Deelkraal and Elandsrand will help offset the decline in gold production as older established mines gradually exhaust rich areas or reduce grade milled in line with the gold price to extend lives.

Output will also gain slightly from the Ergo scheme, which is re-treating old surface accumulations for gold, uranium and sulphuric acid. So there are hopes that 1978 will see a modest rise in gold output after some years of decline.

Along with exploration for new areas has gone expansion at existing mines, some of which, notably in the Orange Free State, have raised the tonnage of ore treated to compensate for lower grades of gold. Anglo American alone plans to spend R1bn. over the five years to 1981 and the other mining houses have comparable schemes in hand.

Activity

Much of this activity, however, is directed toward uranium as much as to gold. Though value figures for uranium output are not published, tonnage produced has risen from 3,255 tonnes in 1976 to 3,793 tonnes in 1977. In the current year, two major projects will come on stream, at Randfontein and at the joint metallurgical complex, a reclamation scheme similar to Ergo, in the Orange Free State, and uranium output is expected to rise to 5,315 tonnes. With further expansion already in the course of development, the figure will probably reach 7,300 to 8,600 tonnes by 1981, making the Republic one of the largest producers in the world. All these figures exclude South West Africa, where Rio Tinto's Rossing mine is in production and at least one other deposit, the General Mining Group's Langer Heinrich, may get a go-ahead.

Though base minerals have tended recently to take a back seat, a number of projects are still maturing. In the north-west Cape, focus of much attention over the past five years, Gold Fields of South Africa and Phelps Dodge are pressing on with their Aggeneys lead-zinc-copper-silver mine despite discouraging metal prices and a capital cost of R181m. to bring the mine to the self-supporting stage. Initial output is expected in early 1980 and annual net revenue was put at R50m. last October.

The nearby Gamsberg zinc project, the other fruit of recent exploration in the area, has been shelved pending an increase in metal prices and better zinc demand. Anglo American is partnering O'Kiep and Newmont in opening up the deposit, which so far contains reserves of 145.5m. tons of zinc at 7.07 per cent. and 0.56 per cent. lead. Initial estimates were that about R180m. would be needed to bring the Gamsberg into production at output of 350,000 tons annually of zinc concentrates. Now there is the possibility of a smaller operation, at least as a means of opening it up, while the long-term plan envisages tieing a zinc refinery into the mining project as well.

Base metal exports improved from R.794m. in 1976 to R.1.03bn. in 1977 and the bulk of this increase was derived from sharply higher sales of coal and iron ore, in which the Japanese market has been an important factor. In the late 1960s basic plans were drawn up for two new ports, Saldanha on the West coast and Richards Bay on the east. Commissioned during 1976, these two had their first full year of operations last year.

Expansion

The effects on mineral exports have been pronounced. Coal exports excluding the well-established anthracite trade, went up from R.74m. in 1976 to over R.200m. in 1977, while for iron ore the comparable figures were R.27m. in 1876 and about R175m. last year. Both harbours have the possibility of further major expansion, but the current weakness of the international steel industry is proving to be a dampener. However, the coal industry is optimistic about obtaining additional long-term contracts to supply foreign coal-fired power stations.

It is ironical that although the new ports were intended to offset the effects of declining gold output, as it has turned out gold has preserved its key role in the South African mining sector. However, with the newly established infrastructure, the base metal miners expect to be in a strong position to compete for new business once end markets improve.

Richard Rolfe

Malaysia

THE MALAY Peninsula has been famous for its tin for centuries, and to-day this metal forms a very important part of the export trade of Malaysia, Indonesia and Thailand.

Together, these three countries account for about 65 per cent. of the world's tin export trade. The world's richest tin belt lies in the Malay Archipelago. It stretches for more than a thousand miles, in a north-south direction, beginning in Ranong in the Isthmus of Kra, proceeding southwards along the west coast of peninsular Malaysia, and ends at the Sumatran Islands of Bangka and Belitung.

World tin production has been declining very gradually during the past few years, and with prices soaring, fears have been expressed that supplies are running out.

This is partly true. The richest and most easily accessible deposits are fast depleting. But recent prospecting has also shown that there are still large reserves of tin in the Malay Peninsula, although, one must add, they lie in much more difficult terrain, either in hilly areas, or deep in the ground, or offshore.

To exploit these reserves would require new investment and the goodwill of the governments concerned. These days, governments everywhere are conscious of depleting natural resources, and invariably impose tougher regulations and demand a bigger slice of the cake.

There has been very little investment—either foreign or local—in the Malaysian tin industry in the past ten years. This, plus the fact that existing deposits are being exhausted, has led to a steady decline in production.

From a peak of 76,800 tons in 1972, production has eased steadily to 63,400 tons in 1976.

Malaysian tin mining companies are making very good profits, thanks to high prices, but with little investment possibilities, many are distributing most of the profits to shareholders. It is not uncommon for tin companies to pay a 100 per cent. dividend.

The Malaysian Government's attitude to mining is guided by its new economic policy, a major aim of which is to give the Malays a bigger share of the country's wealth. As the Malays, until very recently, had virtually no share in the tin industry, the Government has gone out of its way to ensure that this is remedied, and in the process, has indirectly brought about problems for the miners.

State governments are dragging their feet in renewing mining leases. Very few significant tracts of land have been released for mining in recent years. Taxes are high and sometimes take as much as 70 per cent. of profits.

The state governments (in Malaysia, land and mining come under the control of the states), are only willing to release land to foreign and Chinese miners if they take Malay partners. This they are quite prepared to do, but the problem is finding Malays with the necessary capital, let alone the expertise.

The gravel pump mines, which account for half of Malaysia's output, are particularly vulnerable to fluctuating prices. Eighty per cent. of the 700 gravel mines in Malaysia work on tailings or dredged ground. Production costs are high. Last year, the cost from an average gravel mine was 1,145 ringgits per pikul, but costs are expected to rise to Ringg.1,355 per pikul by 1979. The present floor price under the International Tin Agreement is Ringg.1,200 a pikul.

However, during the past year, there had been encouraging signs that both the Federal and State Governments have recognised the need to stimulate new investment in the industry. On the other hand, foreign companies have come round to accepting that they must operate within the new economic policy.

Tin-producing states are now given a bigger share of tin taxes, and gravel pump mines received some financial incentives during the last budget.

Control

The Malaysian Government-sponsored Pernas Group is now in control of the world's biggest mining company, thereby giving the Malays a big say in the industry. This was achieved through a complicated partnership-management arrangement between Pernas and Charter Consolidated. A new company, called Malaysian Mining Corporation, with Pernas holding 71 per cent. and Charter the rest, has taken over the mining companies of London Tin and the Charter Group in Malaysia.

It is too early to say how this partnership will work out, but MMC will be an important test of reconciling the aims of the new economic policy and the profit motives of the foreign companies.

MMC is currently in negotiation with the Selangor State Government to exploit what is the world's biggest proven tin reserve. The deposit, in the Kuala Langat district, is known to contain well over 300,000 tons of the metal.

The Selangor Government is also in partnership with Conzinc Rio-Tinto to mine 1,400 acres in Kuala Langat. A £4m. dredger — one of the world's biggest — is being built for the purpose. The area is expected to yield 1,000 tons annually and the leases expire in 1993.

The Perak Government has also joined another London-based company, Gopeng Consolidated, to mine 550 acres in the state, while other state governments in Malaysia are reported to be keen for partners.

Indonesia used to produce as much as 50,000 tons of tin a year under the Dutch, but current production is only half as much. Until recent years, very little prospecting had been done, and this in an ad hoc manner.

Tin prospecting has been intensified, with the bulk of the effort concentrated on the islands of Bangka, Belitung, Karimum and in the interior of Central Sumatra. The wor... carried out by the Indone... state-owned PN Timah, ... several foreign companies, ...cluding BHP of Australia.

With the depletion of ... richer areas, the Indone... authorities are now adop... more systematic and com... hensive methods, and a... formerly considered ... marginal or too remote ... being further explored by ... grid drilling.

One of the biggest prob... is the age of the Indone... dredges, as most of them ... left-overs from the Dutch.

Indonesian authorities ... mated that proven rese... totalled 700,000 tons, wit... further 200,000 tons indic... This is about 40 times ... current annual production.

Both Malaysia and Indo... are in a position to inc... their tin production by app... able amounts if new in... ments are forthcoming ... this would depend very ... on a favourable investm... climate in these countries ... attractive world prices for ... metal.

Wong Sul...

Developing Countries

EVIDENCE HAS been mounting for some time that mineral shortages could occur in the 1980s. One way to avoid shortages is to widen the geographical basis of mining investment, yet it is ironic that when this is most necessary mining companies have preferred to concentrate their activities in areas traditionally known to be congenial, like the U.S. and South Africa and to a lesser extent Canada and Australia.

By comparison the developing countries have scarcely been touched, although, according to the European Commission, "for five essential minerals (cobalt, tin, phosphates, tungsten and copper), it has been estimated that between half and almost all free world supplies will have to be provided by the developing countries in 1985."

But the mining companies operate on normal commercial criteria and many of them have felt quite simply, that the risks of investment in the developing world have been too great to contemplate. What has frequently been absent has been security of return, in their view.

The problems, listed by the Commission, are "creeping expropriation measures such as the gradual erosion of exploitation conditions, imposition of additional charges, obstacles to freely-determined export policy and interference in management."

The result has been that while exploration expenditure by European companies in the developing countries was 57 per cent. of their total in 1961, the proportion had fallen to 13.5 per cent. by 1973-75.

"It has been calculated that to maintain supplies of the main non-ferrous metals to Europe over the next decade an investment of $24bn. or $2.4bn. per annum will be needed. By contrast the total expenditure of the European mining companies during the 1960s and early 1970s averaged only about $400m. per annum," Mr. Beville Pain, the retiring president of the Mining Association of the U.K., told the annual meeting last December.

Decline

There has been a similar decline in investment from the U.S. At the American Mining Congress last September, Mr. Jack Carlson, chief economist at the Chamber of Commerce of the U.S., referred to a report from the National Commission of the Supplies and Shortages.

"Governmental policies may remove the incentive to risk-taking in precisely those areas where low-cost mineral resources are located. Overseas investment in the minerals industries is on the decline, according to the report, with expenditures by U.S. industry decreasing in real dollars from $9.4bn. in 1971 to an estimated $3.6bn. in 1976," Mr. Carlson said.

To some extent the decline of mining investment over the last three or four years has been caused as much by the international recession as by the companies' perception of conditions in possible host countries. But this period has also seen some redressing of the balance between the host countries and the companies. In the years up to and including 1974 the mining companies were caught up in the struggle by many developing countries to gain a more stringent control over their own resources. Since then international economic pressures have worked towards an accommodation of interests.

Mining companies, through the development of a new deposit, can strengthen the industrial base of a developing country especially if an element of processing can take place in situ. They can bring in capital and by the sale of their product produce a source of foreign exchange. If deposits are in remote areas they can provide costly infrastructure perhaps sooner than the host country would contemplate of its own volition.

If all this is done within a settled legal and financial framework established by the host country, then a mutual balance of interests results. It is when the framework has been uncertain or has shifted that the difficulties between company and country have begun. Once a balance has been struck incentives for change on either ... diminish.

Recent examples of an ac... modation of interests have ... seen in Papua New Gu... Indonesia and Botswana. ... PNG, Broken Hill Propri... of Australia is leading a ... sortium to investigate the ... Tedi copper deposits, h... negotiated an agreement ... the Government on ... different from those ... caused Kennecott Copper o... U.S. to withdraw from Ok...

In Indonesia a new gener... of regulations for overseas ... ing companies has led ... revival of foreign interest i... country's mineral resource... the signing of an explor... agreement with Rio Tinto ... of London. In Botswana ... Government is putting the ... touches to an agreement ... De Beers of South Africa fo... development of a new dia... mine.

Difference

The difference between ... arrangements and those ... existed in colonial times i... the company and Govern... are setting up or have mad... vision to establish some s... partnership. One side ha... minerals, the other the a... to extract them.

Arguably, it is this so... approach, buttressed by gu... tees at governmental leve... by schemes of risk insu... like those proposed by ... European Commission ... month, which will provid... necessary incentive and sta... of atmosphere to induce ... enterprise in the devel... world—after the recession ...

Ireland

IT IS LESS than a year since Tara Mines, which has the lion's share of Europe's largest lead-zinc deposit at Navan, outside Dublin, went onstream. But the preoccupation of the mining industry in Ireland is not with production but with exploration. For the Navan orebody was discovered seven years ago and there have been no significant finds since.

The mining companies are concerned that a major new find is needed soon if the Irish industry is to maintain the momentum of the past 20 years, and they are equally troubled by official policies which are discouraging prospecting.

Ireland's established mineral riches range from zinc and copper through high quality barytes (sulphate of barium) to by product silver and mercury. Intriguing traces have been established of uranium, thorium and lithium, while in industry circles there is talk of the need to start exploration in earnest for rhenium, yttrium, vanadium, californium and zirconium. Yet in the past year or so the rate of surrender of prospecting licences in Ireland has been double that of new licences being taken out.

The Irish government's mining policies, it appears, are in the melting pot. Until they emerge as a rationalised and coherent plan, however, they will continue to be the object of strong criticism from bodies such as the Irish Mineral Exploration Group. The IMEG is affiliated to the Confederation of Irish Industry and groups 22 exploration companies—including Rio Tinto-Zinc, Tara Exploration, Minerex and Noranda—that hold over 80 per cent. of all prospecting licences in the Republic. IMEG has made no secret of its belief that Dublin's rules governing mineral ownership as well as exploration are in need of a considerable shake-up.

The position of mineral ownership is, to say the least, confused. A prime example is the celebrated Navan lead-zinc orebody itself. The rights to Tara's 61m.-ton deposit were vested in the State, those to Bula's adjacent 24m.-ton deposits across the Blackwater River are privately owned.

Position

The Irish State in fact owns about 45 per cent. of all mineral rights, and in some counties, such as Kerry and Donegal, its position is clear cut. In many others of the Republic's 26 counties private ownership is common, while in other areas the position is still largely undetermined. IMEG put forward suggested changes to the key 1940 Minerals Development Act in April 1976, but with no result. Indeed, the only changes that have been made are ones that the exploration companies in IMEG strongly disapprove of. Last March the previous Irish government introduced new rules governing the terms of prospecting licences: to discourage claim-hoarding and speculative licence holding, the Fine Gael-Labour Government set the length of prospecting licences at two years, extendible to up to six years if work is done on the claim. A licence can be extended past six years by the Industry Minister, but IMEG maintains that the basic two-year term is too short.

The underlying point in all this is that the nature of exploration in Ireland has become more difficult, and the mining companies are seeking supportive rather than restrictive legislation. Dr. James Patterson, chairman of IMEG, recently commented: "The Irish exploration industry is now moving rapidly into the search for deeper deposits covered by thick residual overburden and having no surface expression and, even further in the future, to deposits covered by barren rock."

The need for expensive investment in new drilling techniques and bits designed for Irish conditions is likely to lead to more joint venture among the exploration companies. Whether or not the present Fianna Fail Government, despite its image as "the businessman's friend," will accede to demands for concessionary tax legislation is doubtful. The last Government rescinded the various tax holidays that had given ground to accusations of an "£800m. minerals robbery" by foreign entrepreneurs and the present mood of the country makes it unlikely that they would be restored.

The problem nevertheless remains that unless the mining giants can be encouraged to push ahead with exploration which will yield a major find, Irish mining in the 1980s could add up to little more than the Navan orebody.

The finds which dominated Irish mining in the 1960s are running out. Tynagh, the major producer of by-product silver, has six years left, and the Silvermines lead-zinc deposit in Co. Tipperary has about five years. At present, though, exploration is proceeding, with Canadian concerns such as Northgate having increased their spending and drilling activity intensifying around the Bog of Allen, in Co. Kildare. Nor is the Klondike spirit dead in Irish hearts. Not long ago an anonymous advertiser in a Dublin newspaper sought a £100,000 backer to test-drill his land for lead-zinc and confirm surface traces. With a directness that must strike a chord in any miner's breast, the advert concluded: "If the mine is not worthwhile, it is money down the drain."

Giles Merritt

POLITICS TO-DAY

Sir Charles and the bottomless pit

DEBATE over the future British Steel Corporation ...ught with fundamental ...derstandings. The chief of ...and for which misunder...ng is an understatement ... between Sir Charles ...s, the Chairman of the ...ation, and the Select ...ttee on Nationalised ...ries whose third report ...C was published yester... Sir Charles is so incensed ... Committee that he can ... bring himself to talk ...it. The Committee, in ...has alleged that the Cor...n withheld information ... from Committee mem...or the Department of ...y, or both, which, if it ...been disclosed earlier, ...have prevented the crisis ...eaching its present pro...s.

...e is also a misunder...g between the Commit...d Mr. Eric Varley, the ...y Secretary. In part, this ...use the debate over steel ...come mixed up with the ...nt about the powers of ... Committees, with Mr. ... and others believing that ...mmittee has overreached ...At the same time, how... there is an apparent ...nce to recognise that the ...ttee might have come up ...me rather sensible pro... Mr. Varley appears to ...the Committee for being ...an in the sense that ... and Tory members have ...o the same conclusions. ...rles, on the other hand, ...r a bipartisan approach, ...s to see that that is pre...what the Committee has ...d. Such is the bitterness ...that it seems that all ...ties to the debate are on different sides.

Yet the paradox is that if the personal differences can be removed, there is a large amount of common ground. It is now generally agreed, for example, that British Steel is in a state of crisis, and that something radical will have to be done about it within weeks rather than months. That itself is a notable change from the position taken by Mr. Varley when the Committee's first two reports appeared in the middle of January.

Net importer

To illustrate the crisis, one could do worse than to refer to the descriptive parts of the first report. Here, for instance, are some random statistics. The U.K. became a net importer of steel for the first time ever in 1974. In 1970 BSC was responsible for 70.4 per cent. of steel deliveries to the domestic market. By 1975 the figure had fallen to 53.4 per cent. BSC's place in the market had been taken not only by imports, but also by the independent sector. The current break-even point of BSC is a 92.3 per cent. use of available capacity, a figure so high that the Committee doubts whether it can be achieved by any enterprise whether independent or public.

There is again the question of customer reaction. British Leyland, which is one of the country's main steel-users, said in evidence to the Committee that in the year to September, 1976, only one-third of its steel off-take from BSC was delivered on time, and less than two-thirds was delivered within two weeks of the promised date. There were complaints from other companies not only about deliveries, but also about quality and the failure of BSC to supply the amounts or specifications of products required.

Not least, there is the question of the Corporation's powers to raise finance. In 1976 these were limited, by statute, to £400m. The figure has been progressively raised to stand now at £4bn. But even that is not enough. It has become a matter of urgency that the ceiling should be raised yet again. That, however, is more easily said than done. The Corporation is already strained by the cost of debt servicing, and we have the word of Sir Charles himself that the prospect of it being able to pay interest on any future loans is remote.

It is sometimes said, in extenuation, that since this is the longest and deepest steel recession that the post-war world has known, all other major producers are in difficulties; Japan, for example, currently has excess capacity of around 40 per cent. All that is true, up to a point But it overlooks the evidence that BSC's decline seems to have gone on longer—hence the fall in its domestic market share; and anyway the fact that others are in a similar boat is still no excuse for inaction.

Moreover, there may be worse to come. Sir Charles is quite frank about this: "I hope," he says, "that we are bumping along the bottom." But he is by no means confident. A degree of stabilisation has been achieved by the Davignon plan of the *European Commission which* set minimum prices for some products, but it may not last. The consequences of any further deterioration, says Sir Charles, would be "quite far-reaching."

So it is agreed that something must be done, but the question is: what? And it is here that Sir Charles and the Select Committee seem to part company. Sir Charles's views may be summarised as follows. Like Mr. Varley, he has no love for the Committee, regarding it as a kind of "alternative government" or usurper. He believes that it is necessary to recognise the world as it is, and that means dealing with the Government as pursemaster and with the unions, which have the power to wreck any plan of action and which could *always go and complain* to the Government if the Corporation sought to impose something unacceptable. But he also believes that the pit of a recession is the wrong time to make major decisions; radical cut-backs now, for instance, could lead to too little capacity when demand recovers.

The aim therefore is to make such reductions in manning and obsolete plant as are desirable in their own right, to improve the organisation, to increase quality and to strengthen the relationship with the customers, so that when the recession ends in a year or two's time BSC will emerge in reasonably good shape. In practice, that means persuading the Government to go back on its commitments to the Beswick Reports of 1975 which postponed the closure of some plants on social and employment grounds.

In the latter Sir Charles has not been entirely unsuccessful, and he has gone about it in a politically sensible way: that is, the Government has not been forced to eat its words in public. Thus Mr. Varley could still say in the House of Commons as recently as January 16: "We are the guardians of the Beswick Report and we are fulfilling that duty." But the fact is that redundancies are taking place at plant level without the Government being involved, and this week's 10 per cent. pay agreement in the Corporation was an attempt to persuade the work force to accept yet more closures and more improvements in manning levels. How else can one explain a ten per cent. award by a company which will lose around £520m. this year alone?

The questions remain whether *this approach is adequate and* what is to be done about financial reconstruction. Sir Charles's reply to the former is that it is probably the best that can be done in the real world. As for the financial side, he says that he has not yet reached a conclusion, though his preference seems to be that the Government should provide a further large sum of money while promising support for more closures and better manning levels, but at the same time the Corporation should continue to work hand-in-glove with the Department of Industry.

Sir Charles Villiers: no love for the Committee.

Reconstruction

Yet the question of financial reconstruction is clearly crucial. There is no doubt that it is going to have to be undertaken in some form or other and undertaken quickly, for the obvious reason that BSC's present finan*cial position makes it unavoid*able. But is it wise simply to write off debt, pour in more money and leave the existing organisation and the existing relationship with Government more or less unchanged? Should not the opportunity be taken for a more fundamental reform?

It is there that Sir Charles and the Select Committee seem to differ most. The Committee is basically against a financial reconstruction, though for reasons stated above it is hard now not to see this as inevitable. What it is most interested in, however, is giving the Corporation greater autonomy. Once the objectives of the Corporation have been achieved, says its first report, the management "should be given executive powers over, and responsibility for, the day-to-day running of the business in order to achieve those goals . . . The Corporation should not be required to maintain a continuous reporting system to the Government, nor suffer continual interventions in matters which are strictly the prerogative of management and for which they are responsible to the Secretary of State." And indeed one might add that if the broad objectives were agreed, continuous interventions by the Government would become unnecessary.

In general this approach is known as the "BP solution" and has been advocated at times from within BSC itself. It would allow the Corporation to go into joint ventures with the private sector and with foreign companies, whether public or private. It could sell or acquire assets as it wished. It would not be obliged to be confined to steel, which is one reason, for example, why Thyssen in West Germany feels the present recession rather less than BSC. *Government sanctions could be* restricted to the right to dismiss the Board and to enforce incomes policy and cash limits, the latter perhaps with some sub-ceiling to ensure that a certain amount was devoted to investment.

What is striking is that there is nothing in the reports of the Select Committee to indicate that such an approach would be unacceptable to as wide a spectrum of political opinion as you are likely to find in the House of Commons. It is not acceptable, however, to Sir Charles, though perhaps partly on the grounds that he believes *the present financial situation* is so desperate as to make the BP solution unviable.

The question now is who will win the ear of Mr. Varley and the Cabinet. The Secretary of State is due to make a statement before Easter. It cannot now be a holding affair. At the very least he will have to outline a conceptual approach to the Corporation and to give some details of how it can be put into practice. But as the debate goes on it would be helpful if the bitterness about the proceedings of the Select Committee could be set aside. It would be a pity if its findings were *overlooked* because of prejudice about its behaviour. In the present atmosphere there is some danger of that happening.

Malcolm Rutherford

Letters to the Editor

...ggage at ...athrow

...e Deputy Chairman ...f Executive, ...Airways.

... First, I want to apolo... Mr. Gubbay (February ... the inconvenience he and ...outh African Airways ...rs experienced at Heath... February 13.

...elay in getting baggage ... aircraft and into the ... hall was caused by ... problems. Specialised ...needed to unload 747 ...simply could not be re... that morning as petrol ... available because of a ...rivers' dispute. Others ... serviceable and on top ... we were badly hit by ...ness.

...jor reason for the un...y that we have suffered ...me of the ground equip...ehicles used to move ...d baggage are just too ... inadequate design and ... heavy maintenance. ...r. their replacement has ... long. They are custom...d have a long lead-time. ... we have nine new ones ...ved design and there are ... 16 to be delivered by ...ember.

... deeply concerned that ...formance has not been ...e standards our custo...pect. I am very much ...of it and have taken ... begin to ensure that pas... arriving at Heathrow get ...ggage promptly and to ... our service in other ...

... to-day we will concen... handling passengers' ...before cargo for as long ...resources remain over...d. This is unavoidable, ...pe this situation will not ... too long. Consequently, ... to restrict the use of ...pes of cargo container ...ore of the new vehicles ...ipment — £2m. worth — ... ordered are delivered.

...inton.
...Airways Head Office, ...c 10, Heathrow Airport ...), Hounslow.

Mr. Gubbay and his fellow passengers threatened to paralyse the airport, which is exactly what British Airways staff threatened if the unfortunate passengers had attempted to *unload their own luggage*.

I wonder, therefore, if the current syndrome of bringing industry to a standstill is a reflection of our society to-day and not merely a prerogative of our overpowerful unions and labour force in the U.K.

It could, however, be even more sinister, and that is that *the unions are now so strong* that they can also influence our social standards.

D. K. Richardson.
37, Ford Way,
Downley, High Wycombe,
Bucks.

Pennies per mile

From the Chairman,
Qantas Airways.

Sir,—I read with interest your report (February 17) that Mr. Laker told his audience at the luncheon of the American Chamber of Commerce (U.K.) that it was possible to reduce air fares *to 2.2p per passenger mile* and still make a profit.

In March last year Qantas introduced a new advance purchase fare to Australia, a low *of £450 London/Sydney* return. That is a fare of 2p per passenger mile.

Our passengers have standards of comfort and amenities, as well as frequency of services, that are unsurpassed. And we too make a profit.

I appreciate the compliment to the innovative fares policies of the scheduled airlines that is implied in your report.

(Sir) Lenox Hewitt.
Qantas Airways.
498-500, Chiswick High Road, W.4.

No place for a committee

From the President, Institute of Actuaries

Sir,—Mr. Layborn (February 17) asks for the actuary's task to be eased by a "spread of responsibility for the judgments being made." This is to ask for professional judgments to be made, effectively, by a committee.

Obviously no professional man—or woman—makes his judgments in a vacuum. He should take account of all the information and opinions available on a subject. But at the end of the day he must make, and be accountable for, his own judgment. This judgment will certainly be informed by discussion with any relevant parties, but will be ruled by the independence required by the profession's ethical standards as well as by its specialised technical and practical training.

Mr. Layborn describes the Government Actuary's responsibility as "awesome" but the assessments which he has to make are not materially different from assessments made by the many actuaries in this country advising pension funds, some of which are also very large. Is this responsibility more awesome than some of those carried by, say, accountants, surveyors, or structural engineers, where very large financial amounts can be involved?

I believe that it is in the public interest *that the professions* as we know them in this country should continue to exist, and that their members should remain individually accountable for the professional judgment which necessarily they must exercise. In this area a committee has no place.

C. M. O'Brien,
Burdett House.
15, Buckingham Street, W.C.2.

...estrian ...kway

...e Public Relations ..., Heathrow Airport.

...Mr. B. Engert (February ...es that the moving walk... the Terminal 2 pedes...bway at Heathrow is "so ... that he and several ...s of other passengers ... see it.

...subway is 167 yards in ...and 26 feet wide. For ...s of the length, the sub... divided into three lanes: ...ng walkway to the left, ...eet wide overall, with a ...et six inches tread; a ...ootpath 12 feet wide and ...g walkway to the right, ...even feet wide with a ...et six inches tread. The ...ys, therefore, take up ...han half of the total ...f the subway.

...sing the walkway, pas... can reach Terminal 2 ...e central station in two ...

...May.
... Airports Authority.
... Building, ...w Airport, ...w, Middlesex.

...ting social ...ndards

...Mr. D. Richardson.

...-With reference to Mr. L. ...'s letter "Baggage at ...ow" (February 21), I ... like to reply with a ... observation on U.K. ...y.

England rules

From Mr. G. Evans, MP.

Sir,—Those who, like yourself in your editorial of February 20, see the Scotland Bill as abhorrent because of the influence Scottish MPs will have on English affairs after the establishment of the assembly, might reflect on one matter.

English Members of Parliament have had a voice and a vote—and an overwhelming one—on purely Scottish legislation over the years. They have often *swamped the wishes of Scottish* and Welsh MPs on issues that were predominantly Scottish or Welsh. Now that the boot is on the other foot perhaps you can better appreciate Scottish and Welsh feelings that have led to the growing pressure for home rule.

The final irony is that the 40 per cent. clause in the Scotland Bill was inserted against the overwhelming desire of Scottish MPs.

Gwynfor Evans.
House of Commons, S.W.1.

Industrial dilemma

From Mr. G. Robinson, MP.

Sir,—In his article "Facts, figures and fantasies" (February 9) Samuel Brittan has descended below his usual high standard of statistical analysis with reference to the comparative levels of various countries' manufacturing investment.

It may well be fashionable to exaggerate the importance of increased capital investment in improving the performance of the U.K.'s manufacturing industry, but the fact that Mr. Brittan refers to it presumes that he accords it some importance.

It follows, therefore, that the criteria for international comparisons should be as meaningful as possible. The CBI comparison, which is quoted by Mr. Brittan and which expresses the volume of investment as a percentage of value added, could scarcely be more misleading.

The reality is that the U.K. value added is woefully less than its competitors, listed in the sample. Its investment in absolute terms, per person *employed* and as a *percentage* of GNP is less too. As a percentage of GNP (for present purposes probably as useful a measure as any provided regard is paid to the actual percentage of total stock of fixed capital represented by investment in manufacturing and to the importance of the manufacturing sector to a given country's *economic viability*) the U.K. is at the bottom of the table. The U.K. is worsted only by the U.S., which anyway is showing the same ominous trends of deteriorating industrial competitiveness as the U.K. These considerations suggest that more investment is required both absolutely and relatively as a contribution to regaining competitiveness and indeed to increasing a value added.

To argue, however, for more investment is not to deny that the U.K.'s net output per unit of new investment has been alarmingly lower than that of our competitors—here the CBI comparison is valid in its conclusion—nor is it to deny that we could *produce far more from our existing* plant and machinery even when these are theoretically much more *fully* utilised than in the present recession.

The remedy for these two defects is a combination of better design and production engineering with better manning levels and working practices and both are urgently required if the U.K.'s manufacturing industry is *to regain competitiveness*. But so too is more investment. All three can and should go together. But none is likely to happen quickly enough or on a sufficient scale without a higher level of demand. Internationally there is little the U.K. can do. Domestically as soon as we expand the economy we suck in too many imports.

Is not this the real dilemma? And could not Mr. Brittan turn his incisive and informed mind to its solution? For if we don't solve it more and more of U.K. manufacturing is likely to develop terminal symptoms.

Geoffrey Robinson.
House of Commons, S.W.1.

Calories and agriculture

From Mr. R. Maxwell

Sir,—Mr. Frank W. Roberts (February 18) is under the misapprehension that all calories are equal.

The unit for measuring the quantity of heat is the gram-calorie, the amount of heat required to raise the temperature of 1 gram of water from 0 degree C. to 1 degree C., or 15 degrees C. to 16 degrees C. (Or the mean calorie—100th part of the heat required to raise 1 gram of water from 0 degree C. to 100 degrees C.). The unit used to express *the energy value of foods is the* great or kilogram calorie, equivalent to the amount of heat required to raise the temperature of 1 kilogram of water 1 degree C.

Richard D. Maxwell,
51, Blakehall Road,
Carshalton Beeches, Surrey.

Paying for education

From Mr. C. McNally.

Sir,—Mrs. P. C. Atkinson (February 18) is quite right—it is logical that "those who have not enjoyed the benefits of higher education should pay less in rates and taxes."

They do—generally graduates have better paid jobs than non-graduates and live in better houses and therefore pay more in rates and income-tax than non-graduates.

The fact that we all know instances to the contrary, for example, a company chairman who left school at 14 and a *graduate emptying dustbins*, does not affect the general rule.

C. V. McNally.
27, Chorley Drive,
Sheffield.

Public sector contracts

From the President,
The National Federation of
Building Trades Employers.

Sir,—I refer to your report on page 42 of February 23 in which you state: "The National Federation of Building Trades Employers is urging contractors not to accept any Government work until it has discussed the situation with Mr. Peter Shore, *Environment Secretary.*" The precise terms of the guidance the Federation has issued are as follows: "If members are about to enter into contracts and are asked to agree to the use of new clauses they should refer to the urgent requests from the Federations for discussion with Mr. Shore and say that before *agreeing* to any such clauses they need to know the outcome of these discussions."

C. P. Morley.
NFBTE.
82, New Cavendish Street, W.1.

To-day's Events

GENERAL

Liberal national executive and its Party council begin two days of meetings on election strategy of power-sharing with major parties.

Mass meeting of British Leyland workers at its Speke, Liverpool, plant vote on whether to end their strike.

Mr. David Ennals, Social Services Secretary, addresses conference on Government's new pension scheme organised by West Midlands region of the Labour Party, Walsall Town Hall.

Mr. Richard Sutton, Northern region director, Department of Industry, inaugurates project aimed at encouraging development of new small businesses in the North, Durham University Business School.

Mr. Joel Barnett, Chief Secretary, Treasury, accompanied by Mr. Gregor MacKenzie, Minister of State, Scottish Office, visits Glasgow and attends monthly meeting of British National Oil Corporation.

Prince of Wales visits Claymore and Piper production platforms in North Sea.

Duke of Edinburgh visits University of Salford.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills

COMPANY RESULT

Telefusion (half-year).

COMPANY MEETINGS

CGSB, Newcastle-upon-Tyne, 2.30. French (Thomas), Manchester, 12.30. Grange Trust, 70, Finsbury Pavement E.C., 12.30. Lowe (Robert H.), Cheshire, 12. Raeburn Investment Trust, 21, Moorfields, E.C., 2.30. Turner Manufacturing, Wolverhampton, 12.30. Ward (Thomas W.), Sheffield 3. Wearra, Kettering, Northants, 12. Willoughby's, Cheapside House, E.C., 12.

OPERA

English National Opera production of Tosca, Coliseum Theatre, W.C.2, 7.30 p.m.

BALLET

Royal Ballet dance Mayerling, Covent Garden, W.C.2, 7.30 p.m.

MUSIC

Royal Liverpool Philharmonic Orchestra, conductor Karsten Andersen, soloist Henryk Szeryng (violin), in programme of Svendsen (Carnival in Paris); Tchaikovsky (Violin Concerto in D); and Shostakovich (Symphony No. 12), Royal Festival Hall, S.E.1, 8 p.m.

Northern Sinfonia Orchestra, conductor Christopher Seaman, soloist John Lill (piano), perform works by Mendelssohn (String Symphony No. 12 in G minor); Beehoven (Piano Concerto No. 1 in C); and Haydn (Symphony No. 100), Queen Elizabeth Hall, S.E.1, 7.45 p.m.

SPORT

Squash: British women's open tournament, Wembley.

COMPANY NEWS + COMMENT

Hoover down £4.7m. after disappointing year

INCLUDING AN increase from £0.5m. to £0.71m. in the contribution from Hoover (Holland) but after exchange losses of £1.48m. compared with profits of £2.38m., pre-tax profits of Hoover fell from £16.98m. to £12.24m. for 1977 on turnover of £190.99m. against £180.05m.

The directors say that 1977 was disappointing, the improvement expected towards the end of the year did not materialise. Sales in the last quarter amounted to £49.88m. compared with £57.25m in the last quarter of 1976 which was artificially boosted by fears of higher VAT in the December Budget.

Although conditions overseas were also difficult, exports for the year reached a record £38.1m. and trading profits earned in Europe showed a small improvement.

The outlook for 1978 is brighter, members are told. Although no change is expected in conditions in the first quarter, it is anticipated that there will be some expansion in the U.K. market for domestic appliances following the April Budget.

A range of new products has just been announced placing the company in an excellent position to take advantage of any rise in the markets both at home and overseas.

Full year earnings are shown at 25p (46p) per 25p share. The final dividend is 9.21p net for a maximum permitted 14.82p (13.27p) total.

	1977 £000	1976 £000
Turnover	190,991	180,048
From Hoover Holland	706	497
Trading profit	13,720	14,602
Exchange losses	1,476	*2,375
Pre-tax profit	12,244	16,977
U.K. tax	5,440	5,175
Foreign tax	1,354	2,154
Hoover Holland tax	479	577
Net profit	4,971	9,149
From HH reserves	325	†938
Dividends	2,942	2,634

* Gains. † Retained by Hoover (Holland).

The directors say that Hoover maintained its market share in the U.K., but industry sales went down and this was reflected in Hoover sales.

The company took some of the strain on stocks in the hope of a boost from the budget. This meant some reduction in liquidity but having started the year with very strong liquidity it ended with a good position, the dividend would be covered on an inflation accounting basis, they add.

Hoover would like to see the deposit percentage reduced from 20 per cent. to 15 per cent. in the budget, the VAT rate cut from luxury to standard, and a three-year HP repayment period for goods costing less than £100 and a four-year period for goods costing more than £100.

The company would not like to see controls removed at a stroke, say the directors as this would simply open up the way for imports.

See Lex

Hoover U.S. results, Page 32

INDEX TO COMPANY HIGHLIGHTS

Midterm advance by Neepsend

SALES FOR the six months to September 30, 1977 of Neepsend expanded from £9.2m. to £12.25m. and pre-tax profits improved from £349,000 to £656,000.

Mr. Stanley Speight, the chairman, reports that the steel division is still experiencing depressed trading conditions, but other areas of the group have progressed in line with expectations and indications are that a satisfactory profit should be achieved for the full year.

The interim dividend is lifted from 0.8375p to 0.92125p net. Last year's total was 2.93125p and pre-tax profits came to £1.06m.

	Six months 1977 £000	1976 £000
Home sales	10,926	8,015
Export sales	1,322	1,183
Total sales	12,248	9,198
Trading profit	564	466
Invest. income	21	20
Bank interest	71	137
Profit before tax	656	349
Tax	321	172
Net profit	335	177
From invest. and prop. sales	—	2
Making	335	179
Dividend	125	114
Retained	210	65

● comment

Neepsend has staged a strong recovery and interim profits are above most outside expectations, thanks to a buoyant performance from its machine and cutting tools division. Virtually all the third increase in sales and 88 per cent. in profits, against the depressed comparable period, has come from the finished tools division, where there has been a significant upturn in demand for DIY products and a good advance in sales to the engineering sector. Steel, meanwhile, has remained stagnant, though Neepsend reckons it has held its volume and its margins despite pressures caused by cheap imported steel. Imports have dropped back since December but there is still a large amount of foreign steel around to depress the market for a while yet. Even so the company sounds confident for the second half, on the basis of a continued advance from its finished tool products. So £1½m. pre-tax looks possible for the year. For the first time since 1974 the company has raised the dividend and assuming a similar rate of increase for the final the shares look under priced with a prospective yield of 12 per cent. At 41½p the fully-taxed p/e for the year drops to 7.7.

Squirrel Horn near £0.5m.

MANUFACTURERS OF sugar confectionery, toffee, and chocolate, Squirrel Horn report turnover up from £4.12m. to £5.05m. for 1977 and a rise in pre-tax profits from £342,117 to £487,954 after depreciation of £75,601 compared with £61,104.

In August, reporting a first-half surplus of £221,121 against £234,374, the directors said they were confident of a satisfactory full year increase.

With corporation tax taking £228,223 (£95,338) and deferred tax £25,832 (£103,662), full year earnings are shown to be ahead from 3.36p to 3.49p per 12½p share and the dividend total is lifted from 1.363p to 1.5375p net with a final of 0.9125p.

BIT VALUE

In accordance with the terms of the schemes agreed on February 13, former holders of the convertible loan stocks of British Investment Trust will receive from the National Coal Board Pension Funds, the guaranteed minimum cash price of 165p a share, and not 162.22p a share as stated yesterday.

Smith Bros. £704,282 midway

REFLECTING a generally satisfactory level of Stock Exchange turnover jobbers Smith Bros. reports taxable profits of £704,282 for the period from May 7, 1977, to October 28, 1977, compared with a loss of £56,524 for the May 1, 1976, to October 29, 1976, period. Profit for the 1976-77 year was £824,313.

The directors say that although the removal of the dollar premium surrender will benefit the company, there has been a contraction of equity trading volume since October and it is too early to predict the outcome for the full year.

The interim dividend is maintained at 1.5p net per 25p share and the directors intend to recommend a 3.41444p final—last year's final was 2.9446p.

Mr. Tony Lewis, the chairman, says there has been a welcome increase in the level of enquiries in the Kaffir market, and if the environment generally improves in South Africa, there could be a considerable increase in business. There are some signs of a slight improvement already showing through, he adds.

	Half year 1977 £	1976 £
Pre-tax profit	704,282	*56,524
Corporation tax	350,000	—
Prior year adjustment	—	†135,702
Net profit	354,282	79,178
Interim dividend	131,011	131,011
Leaving	223,271	*51,833
Brought forward	1,006,911	825,343
Carried forward	1,230,182	777,510

* Loss † Credit.

● comment

Smith Bros. made well over £800,000 pre-tax in the second half of last year, a period when the value of turnover in the equity market as a whole was about a fifth lower than in the latest six months. So the profits reported yesterday are not that exceptional. However business has also been relatively firm in the third quarter, and the removal of the dollar premium surrender is bringing higher activity in gold shares, one of Smith's specialities. In addition, the company is gaining more international business, helped by recent trading links with firms in Paris and South Africa. Four-fifths of the forecast dividend payment is already covered out of half-year earnings and the shares yield a fat 13½ per cent. at 56p. The next piece of excitement will be the Monopolies report on the proposed link with Bisgood, due to be published any week now.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Insulators	2.63	Apr. 4	2	4.13	3.5
Australian and Intl. ...int.	1	Apr. 28	Nil	—	2.7
Berisfords	1.72‡	—	1.53	2.42	2.17
Cardinal Inv.	2.4	Mar. 24	2.13	3.9	3.3*
Cornercroft	2.25	Apr. 2	2.08	3.19	2.86
EPIC ...int.	1	Apr. 4	0.5	—	1
Hoover	9.21	—	7.73	14.82	13.27
ICI ...2nd int.	7.52	Apr. 5	6.78	16.52	14.78
Johnson and Firth ...int.	1.37†	July 3	1.3	—	4.26
Lancs and London Inv.	1.8	Apr. 5	1.56	1.8	1.56
Leyland Paint ...2nd int.	2.3§	Apr. 4	—	—	3.3
London Shop ...int.	0.89	Apr. 28	0.88	—	2.99
Natl. Carbonising ...int.	0.66	Apr. 3	Nil	—	1.3
Neepsend ...int.	0.92	May 12	0.84	—	2.93
Ratcliffs (Gt. Br.) 2nd int.	1.25	May 1	1.05	1.9	1.71
Rights and Issues	2.33	—	1.94	2.33	1.94
Smith Bros. ...int.	1.5	Mar. 31	1.5	—	4.44
Squirrel Horn	0.91	Apr. 14	0.87	1.54	1.37
Westwood Dawes	3.44	—	3	3.44	3

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights/and or acquisition issues. ‡ Additional 0.0235p for 1975-76. § For 15 months. ¶ Includes 0.0791p in respect of 1976.

Berisfords profit over £1m. mark

AFTER RISING from £0.37m. to £0.44m. in the first half, pre-tax profits of Berisfords, the ribbons, trimmings, labels, and home furnishings group, finished the year to November 24, 1977 ahead from £0.81m. to a record £1.04m. on turnover of £7.44m. against £6.19m.

Earnings are shown at 11.8p (10p) per 25p share and the dividend total is lifted from 2.1693p to the maximum permitted 2.4229p net with a final of 1.7186p. An additional 0.0235p is also proposed for 1975-76 following the reduction in ACT.

In his annual statement Mr. John Sebire, the chairman, says that the substantial increase in turnover was due partly to inflation but more so to intensive selling in various products including large quantities of patriotic ribbons in connection with the Jubilee celebrations.

The group achieved its export target of £1¼m. and has set a new target for 1978 which calls for bigger volume sales.

Following a serious fire at the Macclesfield mill in February, 1977 the group was offered large premises by Condura Fabrics on a site adjoining Congleton Mills. This provided additional space at least 12 months earlier and cheaper than it would have cost to build at present day prices. The company has agreed to take over these premises early in 1978 and hopes to have new plant installed and operational by the end of the year.

All the narrow fabric and yarn processing activities will then be concentrated which will contribute towards greater efficiency.

Investment in re-equipment of plant is now showing results and productivity in the main ribbon shed has doubled in the last two years. This enables the group to remain competitive in world markets, says the chairman.

The company has introduced a profit sharing scheme for all employees with it for longer than five years. This applies to well over 50 per cent. of the Congleton workforce.

Mr. Sebire says that although he is optimistic enough to forecast that Berisfords will continue to produce good results, this must be tempered by the general outlook.

In recent months there has been a slackening off in demand and resistance to increased prices in both home and export markets. The slowing down of inflation and the strengthening of sterling will make it more difficult to maintain profit margins.

However the re-negotiation of the Multi-Fibre Arrangement putting restrictions on imports of cheap clothing from low cost countries must have a beneficial effect on the U.K. clothing manufacturers and if Berisford's customers are busy they will require more ribbon, labels and trimmings as accessories.

Mr. Sebire is confident the group will get its share, with perhaps a little more of the market available.

	1976-77 £000	1975-76 £000
Group turnover	7,442	6,185
Profit before tax	1,035	810
Tax	556	404
Net profit	479	406
Extraord credits	111	—
Dividends	99	88
Retained	491	318

EPIC rises to £0.54m. at halftime

GROSS RENTS received by Estates Property Investment Company in the six months to October 31, 1977 increased from £0.98m. to £1.11m. and with interest charges absorbing £380,000, against £442,000, income from completed properties before tax advanced from £361,000 to £542,000.

Tax takes £196,000 (£95,000) and net interest arising in the U.K. attributable to the Belgian development £179,000 (£185,000) leaving the available surplus ahead from £81,000 to £167,000.

The interim dividend is doubled from 0.5p to 1p net per 25p share costing £146,000 (£73,000). The total for all 1976-77 was 1p and pre-tax income came to £715,000.

Interest for the six months attributable to properties in course of development, amounting to £24,000 (£33,000), has been excluded from the figures and will be charged to reserves.

In Brussels the discussions are making good progress, say the directors.

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Cardinal Trust pays 3.9p

Total revenue for 1977 of Cardinal Investment Trust rose from £0.99m. to £1.09m. including franked investment income of £0.58m., against £0.5m., and pre-tax revenue advanced from £612,157 to £707,626.

Net earnings per 25p Deferred share are shown to be ahead from 3.53p to 4.08p and the dividend total is effectively raised from 3.296p to 3.9p net with a final of 2.4p.

The market value of quoted investments at the year-end was £19.5m. (£15.06m.) and unquoted £0.72m. (£1.25m.) Freehold property and other fixed assets stood at £230,418 (£216,036).

Net asset values with full investment currency premium are shown at 147½p (122p) per Deferred share and £119.54 (£98.66) per £100 of convertible loan stock.

	1977 £	1976 £
Total revenue	1,090,419	988,640
Admin. and interest	382,793	374,483
Revenue before tax	707,626	612,157
Tax	265,281	227,913
Net revenue	442,345	384,244
Pref. dividend	13,829	13,829
Available	428,516	370,415
Deferred dividends	409,768	346,666
To reserve	18,748	23,749

Record bonus from Standard Life

Scotland's largest life company, Standard Life Assurance Company, has declared record bonus rates for the year ending November 15, 1977. On ordinary with-profits contracts in force on March 1, 1978, the rate on the basic sum assured is lifted to £4 per cent. per annum from £3.75 per cent. previous, while the rate applicable to attaching bonuses is kept at £5 per cent. per annum.

This improvement is in contrast to the action taken by other life companies which declare their bonus in this farm. They have maintained the rate on the sum assured and improved that for attaching bonuses. This action of Standard Life means that all policies get the same bonus added per unit of policy, whereas the action of other companies gave more bonus to the longer in force contracts.

The company has also made some improvement in its special claims bonus payable on death or maturity payable on the sum assured and attaching bonuses.

On with-profits personal pension policies, the bonus rate for annual premium contracts is lifted to £5.25 per cent. per annum from £5 and on single premium policies to £4.75 per cent. from £4.50 per cent. In each case the bonus related to the basic benefit plus bonus additions. On annual premium Stanplan A (for executive pension schemes) the bonus rate is increased to £5.25 per cent. from £5 per cent. of the sum assured and attaching bonuses and to £4.75 per cent. from £4.50 per cent. on single premium contracts.

Caplan Profile sees good first half

The situation at Caplan Profile Group reported in the early part of this month—much higher production and sales—should certainly be reflected in the first-half results, the chairman Mr. Ian Caplan told the annual meeting.

The new subsidiary Braemore Furniture and the associate in Canada, Profile Expanded Plastics, were now trading profitably and should make a valued contribution to profits during the current period.

There has been a considerable improvement in the demand for the products of Profile Expanded Plastics, U.K., in part due to the success of Braemore which has prompted a number of the larger upholstery manufacturers to include in their programmes products based on Profile's frames

Further fall at Allied Insulators

FOLLOWING A £32,000 first-half fall to £691,000 Allied Insulators fell further in the second half of 1977 and finished the year with taxable profits of £1.46m. compared with £1.57m. after lower finance charges of £62,000 against £76,000. Sales for the year were up from £12.3m. to £12.92m.

The directors state that the value of the company's order book at January 1 represented almost six months' production at the level budgeted for 1978 and they say that this augurs well for the immediate future.

Although the value of goods directly exported has declined by only 4 per cent. they add reduced demand for high tension insulators and metal fittings resulted in direct export sales of the appropriate divisions falling by 10 per cent. and this was the major factor contributing to an 8 per cent. fall in group profits.

Both Mason and Burns and the low tension products division despatched a higher volume of exports than the previous year, but despite this the results at Longton Works were very disappointing. At Unilator Technical Ceramics, export sales increased by over 20 per cent., they state, and Advanced Materials Engineering directly exported some 40 per cent. of sales.

After tax, down from an ED19 adjusted £0.49m. to £0.1m., stated earnings per 25p share are 14.69p (11.79p) and the dividend is stepped up to 4.125p (3.5p) with a net final of 2.625p, absorbing £371,250 (£315,000).

During the year the company acquired 75 per cent. of the capital of Advanced Materials Engineering of Gateshead, a manufacturer of Silicon Nitride, together with 20 per cent. of an associated activity in the U.S. under the control of Kawecki Berylco Industries Inc. For the six months in 1977 that this business has been controlled, it has incurred a small trading loss but is expected to contribute to profits during 1978.

Future capital expenditure includes £190,00 authorised in respect of plant and equipment for use at Gateshead and will be funded from resources presently within AME. Major additional commitments include expenditure for diversification of products in the high and low tension divisions and new product development at Unilator Technical Ceramics. Sufficient facilities for finance are available to fund these projects, directors state.

During the past five years the group has incurred capital expenditure approaching £2m. which exceeds twice the charge for depreciation within that period. Market conditoins during 1977 have limited the extent of utilisation of some additional capacity which remains available to take advantage of increased demand in the future.

Net borowings of the group increased by almost £900,000, required primarily to provide additional working capital due to continuing pressure from escalating costs. Stock levels have also increased following an upturn in activity during the final month of 1977.

Increases in employment [illegible] and guaranteed payments [illegible] the Employee Protection Act, together with the loss of [illegible] employment premium [illegible] to £220,000. The high tension [illegible] sion has claimed £33,500 [illegible] porary employment subsidy.

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Westwood Dawes drop £74,656

DESPITE TURNOVER [illegible] rising from £1.78m. to [illegible] pre-tax profit of structural [illegible] mechanical handling engineers Westwood Dawes and Co. [illegible] from £188,788 to £114,132.

After tax of £57,928 [illegible] net profit is £56,184 [illegible] earnings per share are given [illegible] 4.46p compared with 7.06p [illegible]

At half time profit was up [illegible] £42,320 to £78,314 pointing [illegible] £110,650 downturn in the second half compared with the [illegible] period last year. At the [illegible] stage directors said it would be unwise to expect an increase [illegible] the year.

The dividend is lifted [illegible] maximum permitted from [illegible] to 3.4426p net per 25p share.

Ratcliffs Gt. Bridge tops £1.6m.

MANUFACTURERS of brass [illegible] copper strip, Ratcliffs (Great Bridge) lifted pre-tax profits [illegible] £1.27m. to a record [illegible] 1977 with £0.68m., against [illegible] coming in the first half.

After tax of £0.74m. [illegible] with £0.61m., full year earnings are shown to be ahead from [illegible] to 17.651p per 25p share and dividend total is raised [illegible] 1.71457p to 1.9p net with a [illegible] interim of 1.247p.

Statement, page 12

Leyland Paint on target

The directors of Leyland Paint and Wallpaper say that [illegible] liminary indications are [illegible] profits for the 15 months to [illegible] 1977 will be up to their [illegible] expectations.

In September, reporting [illegible] up from £847,000 to £978,000 [illegible] the nine-month stage, they [illegible] that the result for the [illegible] would compare favourably [illegible] the record £1.30m. achieved [illegible] the previous 12 months.

A second interim dividend [illegible] announced of 2.3p net per share. The total for 1975-76 [illegible] 3.3149p and a maximum permitted total has been [illegible] for 1976-77.

ISSUE NEWS

Milbury cash call

Milbury, a housing development company, is proposing to raise £242,920 from shareholders by a rights issue.

Terms are one-for-four at 50p each. The shares closed unchanged at 100p in the market.

Saint Piran, which acquired control of Milbury in 1973 and owns 79.93 per cent. of the shares, has unconditionally agreed to take up its entitlement of 395,528 new shares. The balance has been underwritten.

In the context of the issue Treasury consent has been given to increase the dividend for the year to March 31, 1978, to a maximum of 4.3p on the higher capital. Therefore, the Board expects to recommend a 3.3p final. Last year the group paid total dividends of 2.3227p per share.

Purpose of the issue is to strengthen the company's capital base. Proceeds will be used to purchase additional sites, as the Board believes that the revival in the house building sector makes this particular time opportune to buy.

LAND INVESTORS

Land Investors announces a scrip issue of two-for-one in fully paid Ordinary 25p shares. A shareholders' meeting is [illegible] convened for March 20.

MIDLAND—82.6%

Midland Bank disclosed yesterday that only 82.6 per cent. of its £98m. rights issue has been taken up. When the issue closed on Tuesday market sources were suggesting that around 85 per cent. of the issue had been accepted.

The issue was of nearly [illegible] shares on the basis of one-for [illegible] at 330p each. On the day the terms were announced Midland's share price fell 2[illegible] the market to 370p. By the close of business on Tuesday the shares were standing at only [illegible] the rights offer price.

The balance of the issue not taken up has been sold [illegible] premium and the net proceeds amounting to 31p per share will be distributed to entitled shareholders, except that amounts of less than £1 will be retained by the bank.

The shares closed yesterday in the market at 370p, down 2[illegible]

CI drops to £483m. after inal quarter fall

PROFIT margins eroded stronger pound severely g export profitability pre- fit of Imperial Chemical les was cut in the final of 1977 from £112m. to leaving the full year down from £540m. to

dings exchange fluctua- n current assets, total or the year was £30m. at £312m. There was an deficit of £29m. (£58m. ith the final quarter share £13m. deficit).

final quarter figures only one month's contri- from Imperial Metal es.

quarter sales were against £1.14bn., taking nal total to £4.66bn., 13 it ahead of last year's

ors say sales volumes d in the first half of the ll away in the third and made some recovery urth.

erosion of profit margins the third quarter and d for the remainder of , resulting from increased ich were not matched by rices.

profitability of U.K. was severely reduced in quarter by the strength- sterling.

OB value of exports from the U.K. was £936m. (£822m.). Sales in the U.K. increased from £1.62bn. to £1.87bn. and overseas from £2.52bn. to £2.8bn.

	1977 £m.	1976 £m.
First quarter		
Sales	1,190	936
Profit	141	125
Second quarter		
Sales	1,224	1,094
Profit	168	151
Third quarter		
Sales	1,138	1,053
Profit	105	149
Fourth quarter		
Sales	1,112	1,142
Profit	69	112

The sale of its 63 per cent. interest in IMI resulted in a £27m. shortfall between the proceeds of the sale and the group's share of the net assets of IMI at the date of disposal. This makes up much of the £29m. extraordinary loss (£46m.).

After tax, less grants, of £202m. (£214m.), minority interests and *extraordinary items, attributable* profit emerges at £226m. compared with £245m. last time. Earnings per share are given at 45.4p compared with 54.4p per £1 share. Tax consists of £166m. of U.K. tax, £52m. overseas and £18m. for associate companies, reduced by credits for U.K. Government grants of £22m.

A second interim dividend of 7.51587p net per share has been declared against 6.79035p, taking the total for the year to the maximum permitted 16.51587p (14.78035p). *Dividends will absorb* £93m. (£83m.). Shareholders will be asked at the AGM to confirm the *second interim as the final* payment for the year.

In registration statements filed in December in the U.S. in connection with its $175m. public debenture offering ICI said its current performance continued to be affected by the disappointing level of worldwide economic activity and increased costs of in the U.K.

Difficulties in petrochemicals, fibres and plastics had continued into the fourth quarter, it said, although significant parts of the business continued to perform well.

These factors were expected to continue into 1978, although some improvement in economic conditions was expected during the year.

ICI's annual report will include a supplementary statement containing inflation adjusted results.

	1977 £m.	1976 £m.
External sales	4,663	4,135
Depreciation	221	205
Exchange deficit	29	†58
Profit before tax	483	540
Tax*	202	214
Net profit	281	326
To minorities	26	35
Extra-ord. losses	29	46
Attributable	226	245
Dividends	93	83
Retained	133	162

† Gain. * Less grants.

Statement, page 30
See Lex

Westinghouse looks for growth

ATE of the order books throughout Westing- ake and Signal Company, ows an improvement in l profitability, Mr. Leslie n, the chairman, tells lers in his annual state-

orted on January 20, with almost maintained at against £62.23m. for the 53 weeks, pre-tax profits n £4.52m. to a record nd the dividend is lifted 4p (1.90456p).

ed improvement for the ust be dependent upon l economic situation, he or the parent and U.K. y companies, satisfactory nust also be dependent ional and company wage ury settlements being overnment guidelines, he such settlements being without disruption to n in the company or its or customers.

isions concerned in the markets; signal and ailway brake and door, Gresham and Craven, ue controls and traction, sales of over £23m. for of which £7m. were ex- While total sales were wer, their contribution profits substantially in- he chairman states.

ar-end combined order these divisions totalled 3m. and Mr. Thompson e current year's profits *reflect the order book* these divisions collec- show continuing pro-

ectrical and controls turned in a small in profits on sales up over £19m. and with book ahead by 36 per chairman says there is is for confidence in a *verall improvement in* s year.

house Brake and Signal (Australia) increased by 20 per cent. to d its profits by 32 per $2.8m. despite a slow the year arising from ssed economy there.

proved results are not ected in the accounts, psen says, by reason of ioration of the Aus- ollar in relation to By stringent control of ow the demands arising eased sales were kept acceptable limits, he the company remained ion to consider further ties to expand its

A *geographical analysis* of group sales and trading profit shows: U.K. £42.7m. (£43.75m.) and £3.1m. (£2.88m.); Australia £16.97m. (£16.16m.) and £2m. (£1.92m.); Europe £1.17m. (£0.95m.) and £4,000 loss (£18,000 profit); and U.S. £1.12m. (£1.37m.) and £75,000 loss (£55,000 profit).

During the year some £3.3m. expenditure was authorised in the U.K. and £1.9m. in the overseas subsidiaries. The chairman says that the facilities available to the group are adequate for the present level of trading, and when coupled with retained profits will be sufficient to meet projected growth.

On a CCA basis the profit before tax and interest £6.89m. *(£5.87m.) less depreciation* £1.18m. (£0.95m.) and cost of sales adjustments £2.53m. (£4m.); less interest £1.27m. (£1.35m.); plus the gearing adjustment £0.67m. (£1.02m.) makes an adjusted pre-tax profit of £2.59m. (£0.8m.).

A director of an overseas subsidiary received £16,000 for compensation for loss of office during the year. A statement of source and application of funds shows an increase in liquid funds of £1.05m. (£7.2m.).

Meeting, Connaught Rooms, W.C., March 20 at 11.30 a.m.

Improvement seen by Hawley-Goodall

Trading prospects for the principal activities at Hawley-Goodall Group for 1978 are encouraging say the directors who also announce an issue of shares aimed at raising £71,000 through a placing.

As already known the gradual closure of the company's sports goods' outlets will have an adverse effect on the full year results for 1977, but sales of camping equipment reached the expected level during the year.

The restructuring of the group's management since September has led to many difficulties being resolved and the issue of £150,000 Convertible Debenture Stock 1980/1984 improved liquidity, the directors state.

As a result they consider that the group can look forward to an improved trading performance in the current year. The restructuring also opens up the possibility of developing the company's main activities in the future.

The Board intends to achieve this both by increasing sales and by acquiring other businesses which could profitably be combined with existing activities. It also wishes to reduce bank borrowings in the short term and to strengthen the capital base to put the company in a better position to take advantage of any opportunity for small acquisitions that might arise.

The new money raised by the share placing will go towards this. The company is to issue 0.75m. 5p Ordinary shares by way of placing at 10p each.

The issue will raise the company's equity capital by 18.2 per cent. but the Board does not consider that this would significantly affect control of the company. The additional shares will be placed as medium term investments.

National Carbonising pays interim

As forecast in their interim report, the directors of National Carbonising are paying an interim dividend of 0.66p per 10p share.

In the half year to September 30, 1977, the smokeless fuel, etc., group made pre-tax profits of £22,000, compared with a loss of £239,000 for the comparative first *half and a profit of £27,000 for all* 1976-77. The dividend for 1976-77 was 1.3p net.

In declaring the interim dividend, the directors have borne in mind that the company has benefited by special profits arising during the year from the sale of part of its holding of Ordinary shares in London and Scottish Marine Oil Company and feel that *stockholders should share in these* profits, even though the company is earning only modest trading profits while going through a period of consolidation.

Scottish Investment

Total income of Scottish Investment Trust for the three months to January 31, 1978 came to £1.24m. against £1.1m. Total income for all 1976-77 was £4.45m.

The net asset value at January 31 was 113.7p (123.1p).

Since October 31, 1977 the company has borrowed $US5.5m. by means of a reciprocal loan.

Overseas side boosts Barclays

WITH international operations contributing significantly, 1977 pre-tax profit of *Barclays Bank* jumped £69.7m. to £267.6m. At the interim stage the advance was £38.1m. to £131.5m.

Better performances by Barclaycard, Mercantile Credit and Barclays Merchant Bank also helped to offset a second half decline in clearing bank business. This decline was due to lower interest rate levels and little increase in *industry's demand for money*, although funds were readily available, says Mr. Anthony Tuke, chairman.

After tax and minorities the return on capital and reserves was 12.7 per cent., which Mr. Tuke states can be regarded as satisfactory and comparable to the results of other major U.K. industrial and commercial companies.

In the U.K., lendings rose by 8 per cent. over the year to £6.2bn., but this must be seen against an inflation rate of 12 per cent. A fall in seven-day deposits was more than compensated by the rise in current account balances and total deposits increased by 7 per cent. to £8.6bn.

Yearly earnings per £1 share are shown to be up from 40p to 60.6p and with a final dividend of 5.6282p net the total payment is lifted from 9.8924p to 11.1282p. The final includes an additional payment of 0.0791p in respect of 1976. The final dividend on staff stock is 7p bringing the total for the year to 14p.

In 1977 the group's share of profits of Barclays Bank of Nigeria (£11.8m.) *is included in the share* of associated companies profit, following the reduction of the group's interest to 40 per cent. In 1976 BBN's entire profit (£15.9m.) was included in operating profit, and the net profit attributable to the then 48.33 per cent. minority interest deducted from profit after tax.

Profits and losses on the reali*sation of investments other than* trade investments are taken to profit and loss account in equal *annual instalments* over a period of five years commencing with the year in which they arise. Losses charged against operating profit amount to £2.4m. (£7.2m.). Profits realised during the year amount to £24.2m. (£6.3m.).

The amount allocated to Trustees for the profit sharing scheme and charged against operating profit is £10m. (£7.2m.).

During the year Barclays Overseas Investment Company, a wholly-owned subsidiary of Barclays Bank International BV, raised the sum of $US100m. by the issue of 8½ per cent. Unsecured Guaranteed Bonds 1992. Barclays Bank SA, also a wholly-owned subsidiary of Barclays Bank International, raised Frs.100m. by the issue of an Unsecured Guaranteed Loan 1980-85 with a *floating interest* rate (minimum 9¾ per cent.).

The accounts of Barclays International, already published, show an increase in lendings in the year to September 30, 1977 by 23 per cent. to £8bn., and in deposits by 17 per cent. to £10.35bn.

Total capital resources of the group amount to £1.33bn. (£1.16bn.), made up of stockholders funds £1.02bn. (£913m.), minority interests in subsidiaries £69.6m. (£66m.) and loan capital £240.5m. (£177.7m.).

	1977 £m.	1976 £m.
Operating profit†	243.4	190.9
Share of assoc.	39.2	18.8
Loan interest	15.0	12.5
Profit before tax	267.6	197.9
Tax	133.4	106.0
Profit after tax	134.2	91.9
Minority profits	12.0	11.4
Extra-ord. credits	0.3	*0.8
Attributable	122.5	79.7
Interim dividend	11.2	9.6
Final	11.4	10.4
Retained	99.9	39.7

* Debits. † Stated after providing for depreciation of £36.7m. (£33.3m.) on bank premises, other properties and equipment, of which £6.1m. (£5.3m.) is in respect of the depreciation of freehold premises.

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See Lex

Scottish American income to rise

Income of Scottish American *Investment Company is expected* to continue to increase, Mr. P. J. Oliphant, chairman, says in his review with accounts.

He says that many of the company's unquoted investments are at an early stage of development and provide little or no income. But this will gradually rise.

In 1977 pre-tax revenue of the company lifted from £2.05m. to £2.58m.

In the year the company increased the proportion of its U.S. assets held through loans from 56 per cent. to 71 per cent. in July by drawing down a $5m. loan and transferring assets from the premium to the loan portfolio.

Mr. Oliphant says this was done to reduce the potential loss from fluctuation in the dollar premium.

The company is to maintain its position in the U.S., but views the immediate futures cautiously. It recently arranged a $7m. borrowing, but only half of this has been drawn down.

In the U.K. the company's holding in London and Scottish Marine Oil moved from the unquoted to quoted portfolio, and with the public issue in July the company sold 25 per cent. of its holding, realising more than its total initial investment.

Oil production is scheduled to begin in May and dividends should begin in 1980.

Scottish American's stake in Brazil was increased mainly through Brasilvest, an investment company where the company is represented on the supervisory board.

A six per cent. stake in Scottish Television was also acquired in the year. Overall the group intends to maintain its stake in the British market.

The U.K. accounts for 50.2 per cent. of equity investments and the U.S. and Canada 39.2 per cent.

Total investments at balance date were £73.46m. (£54.44m.), and net assets stood at £59.5m. (£46.51m.).

There was a £3.03m. decrease (£0.81m. increase) in liquidity in the year, with the £2.34m. drop in cash and short-term deposits to £1.36m. making up the major part of this.

Statement, page 31

to £5.48m.—with the latter com*posed as to £2.02m. U.K. gilts and* £3.46m. investments abroad—and an improvement in cash on deposit from £110,000 to £495,000...

The balance sheet total has dipped from £7.7m. to £6.04m., and net asset value per share has dropped by 18.9 per cent. to 36.4p.

The directors have, nevertheless, recommended a small increase in the dividend, from 0.3p to 0.4p per share, though net revenue is not quite sufficient to cover the payment. They are, they say, "cautiously optimistic" on the outlook for American stock prices, and they believe "that your company's fortunes will progress towards full recovery." The small increase in the dividend is a token of their faith in the future.

New York & Gartmore more flexible

Accounts of New York and Gartmore Investment Trust show a change in emphasis during 1977. The managers have decided to replace the back-to-back loan negotiated in 1972—which was partially repaid in 1974, at a penalty—with a more flexible five-year loan facility, and to apply the sterling funds so released in buying short-dated gilts.

The net result has been elimination of the £2.75m. sterling fixed deposit shown in the 1976 accounts, a marginal fall in the value of investments from £5.53m.

BANK RETURN

—	Wednesday Feb. 22 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	24,081,879	— 867,269
Special Deposits	1,229,300,000	+ 336,000
Bankers	394,398,167	— 1,818,896
Reserves & Other A/cs	677,564,990	+ 2,396,615
	2,339,898,036	+ 247,260
ASSETS		
Govt. Securities	1,981,171,088	+ 17,795,001
Advances & Other A/cs	180,522,446	— 2,813,271
Premises, Equip't & other Secs	169,716,703	+ 46,602
Notes	8,311,740	— 14,812,898
Coin	176,049	+ 31,226
	2,339,898,026	+ 247,260
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	7,700,000,000	+ 25,000,000
In Circulation	7,691,688,260	+ 39,812,896
In Bank'g Dept.	8,311,740	— 14,812,892
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs.	6,607,187,904	+ 28,417,938
Other Securities	1,081,796,996	— 3,417,938
	7,700,000,000	+ 25,000,000

Johnson and Firth Brown declines at mid term

Although sales increased to £107.83m. against £95.16m., pre-tax profits of Johnson and Firth Brown declined from £4,562,000 to £4,017,000 for the half year to December 31, 1977. For the whole of the previous year, a record £11.43m. surplus was recorded.

Mr. J. M. Clay, the chairman, states that the first half was a difficult period for the group, with a low level of demand being complicated by industrial disputes in its own and many of its customers' factories.

The group is now making good some part of the sales lost during the period, but he says it will not be possible to recoup all the short-fall in the current year.

However, although the market for many of the group's products is still depressed, the directors remain confident that full year results will be satisfactory.

Half year earnings per 25p share are shown as 4.3p (6.5p) basic, and 4.3p (6p) diluted and the interim dividend is kept as 1.3p net, on capital increased by the one-for-five rights issue. The directors expect to recommend an increased final as forecast at the time of the November, 1977 rights, giving a total 10 per cent. higher than the previous year's 4.2621p.

	Half-year 1977 £000	1976 £000
Turnover	107,827	95,162
Trading profit	5,730	6,583
Steel	1,652	3,394
Rod and wire	3,095	2,449
Engineering	791	491
Property and invest.	477	576
Central admin. costs	285	327
Interest charges	2,007	2,219
Share of assocs.	294	278
Profit before tax	**4,017**	**4,562**
Tax	1,000	733
Net profit	3,017	3,829
Extraord. credits	61	536
Attributable	3,078	4,365
Ordinary divs.	1,377	787
Preference divs.	234	338
Retained	1,467	3,240

Mr. Clay reports that the steel division was badly affected by the industrial relations problems and also suffered from particularly difficult market conditions worldwide. While the diversity of the division's products continues to insulate it from the worst effects of recession, there are as yet no signs of improvement in the general sales outlook.

The cast roll making companies, acquired as part of British Rollmakers Corporation in June, 1977, are living up to expectations and, while not immune from the poor trading conditions, they are expected to make a worthwhile contribution in their first year in the division.

The rod and wire division again did well, says the chairman, materially improving on its performance over the corresponding period of last year. While the level of activity remains lower than the directors would wish, it should again record a useful improvement in profitability this year.

The engineering division maintained its profits for the half year, the improvement coming from the first time inclusion of BRC's engineers' tools and equipment companies, which performed particularly well. In the property and investment division, property market conditions are now improving and the outlook is encouraging, Mr. Clay adds.

He points out that the recent rights issue has enhanced the group's financial position, giving it ample resources to complete its capital expenditure plans and to finance a higher level of activity.

First half capital expenditure amounted to £4.2m. (£6.1m.).

• comment

Johnson and Firth Brown's steel profits may have been reduced by as much as £1½m. by internal and external disputes during the first half. There may be some recovery in the second half as the division catches-up with deliveries but the underlying trading picture remains flat and steel profits are expected to be still sharply down at the year end. Meanwhile, the rationalisation of the rod and wire operations has left the division to concentrate on the higher margin wire business and this is clearly bearing fruit. Rod and wire profits have risen by 26 per cent. despite generally sluggish demand. Elsewhere the engineering division has lifted its profits by 61 per cent. thanks largely to a first time contribution of £¼m. from Richard Lloyd, part of British Rollmakers Corporation acquired last June. The non-steel interests may show a further advance in the second half while the total full year contribution from BRC may be around £1m. to £1½m. So group profits may be around £12.5m. Meanwhile, the effect of the recent rights issue has been to reduce gearing from 57 per cent. to 44 per cent. The shares at 81p yield an attractive 11.9 per cent. while the prospective p/e (taking a line through the interim tax charge) is 6. On a full tax charge the p/e is 9.8.

Spencer Clark chief on prospects

In his annual statement with accounts, Mr. J. G. N. Edge, the chairman of Spencer Clark Metal Industries, says that the improved level of business noted towards the end of last year is likely to be at least maintained.

But, with the prevailing uncertainty and short view one can take in the steel industry at this time, any projection of the current year's results should be treated with caution, he adds.

Members are told the directors' aim is that when easier trading conditions arrive, the company will be able to take full advantage of them and that meanwhile when profitable opportunities to broaden interests appear, they will not be overlooked.

As known, pre-tax profits for the year to September 30, 1977 were lower at £303,739 (£312,685), on sales ahead from £4.1m. to £4.71m. The dividend is lifted to 2.39p (£2.14p) net.

Mr. Edge reports that the widely forecast and expected regrowth of business did not materialise during the year, and consequently overall activity was less than planned. However, there was an improvement in trading in the second half, although the final result fell below what would be acceptable in more favourable times.

Cornercroft down to £259,716

MECHANICAL AND aeronautical engineering group Cornercroft suffered a decline in pre-tax profit from £277,416 to £259,716 in the September 30, 1977 year.

At half-way, profits were £16,000 ahead at £109,000. The result is subject to tax of £212,138 (£145,636), leaving net profit at £138,578, against £131,760 last time. Earnings per 20p share are shown at 5.4p (5.1p).

The final dividend is up from 2.08p to 2.2519p net per share, taking the total to 3.1944p (2.86p).

Derby Trust looks to longer term

IN HIS annual statement Mr. David Montagu, the chairman of Derby Trust, says that the values offered in the U.K., the U.S. and Canada are still extremely attractive at current levels but widespread improvement in prices will be contained in the new term by political uncertainties.

In a world of continuing uncertainty, the outlook for investors remains difficult to forecast accurately, he tells members. It could be argued that the U.K. is faced with an opportunity to build the sound growth structure which since the end of World War II has, for a variety of reasons, eluded it. "We could have a relatively firm currency and a period of balance of payments surplus, or at worst an absence of deficits of the magnitude previously experienced.

The Board has taken the view that the U.S. stock market must at some time reflect the basic strength of that economy and with the recent decline in prices the market represents a very attractive area for long term investment. However, until confidence in the Administration and in the dollar is restored, no significant upward movement can reasonably be anticipated. The

As reported on January 27, pre-tax revenue advanced from £487,202 to £530,330 for 1977. The dividend total is 13.429p (11.87p) per £1 income share.

Meeting Portman Hotel, W, on March 21 at noon.

£27m. order book at Utd. Scientific

THE COMBINED order book of United Scientific Holdings, including the recently acquired Optic Electronic Corporation of Texas, is currently in excess of £27m., says the chairman, Mr. J. D. Robertshaw, in his annual statement, and this guarantees the current year's turnover and a good part of that for 1979.

Trading has so far continued at levels higher than those of 1977 and the directors expect to report a further increase in profits in December.

As reported on December 16 pre-tax profits rose from £1.9m. to £2.7m. in the year to September 30 1977 on turnover of £13.54m. compared with £10.1m.

The directors have every hope that the acquisition of OEC will prove to be a milestone in the group's history similar to the acquisitions of Helio Mirror Company and Avimo, as well as the opening of the factory in Singapore.

Investment in new buildings, plant and equipment in the U.K. has continued unabated. The new factory in Taunton has now been completed and the added capacity is already needed to meet the large order book for laser rangefinders which are in ever increasing demand throughout the world.

Members are told that in view of the increasingly substantial export content of the group's turnover, the directors are always faced with decisions as to the best currencies in which to transact business. Generally speaking, internationally, the group can trade in either sterling or U.S. dollars, and has tended to keep a fairly balanced order book on this basis. In past years the fall in sterling has meant increased profits on dollar contracts. In view of the recent rise in sterling, however, the group cannot expect another boost from this direction, but nevertheless the directors do not anticipate any significantly adverse effects. The profit contribution for OEC will, of course, be directly related to the value of the U.S. dollar at the year end, they point out.

Meeting, Howard Hotel, W.C, on March 14 at noon.

Bolton Textile slight rise at half year

On turnover of £5.7m. against £5.5m. for the half-year to October 31, 1977 textile and clothing manufacturers and distributors, Bolton Textile Mill Company, turned in taxable profit up slightly to £163,000 compared with £155,000. Profit for the 1976-77 year recovered from a depressed £31,000 to £300,000.

The directors say that order books are full for the next few months and they anticipate higher profits for the full year.

Tax took £85,000 (£80,000) and after an extraordinary credit of £20,000 (nil), the surplus on the redemption and cancellation of Loan Stock during the period, the attributable amount came to £98,000 (£75,000).

BIDS AND DEALS

Church spending £1.28m. on retail expansion

Makers and retailers of high-quality shoes, Church and Co., is to expand its retail operations in the South East by an acquisition. The company announced yesterday that it was spending £1.28m. on buying two companies, Ellens Ltd. and R. P. Ellen, wholesalers and retailers of medium to high-quality shoes.

Some £346,000 of the price will be satisfied by the issue of 199,970 shares in Church, based on yesterday's market price of 173p. The balance will be paid for in cash from existing bank facilities.

Behind the acquisition lies geographical expansion. The deal will add 13 shops to Church's existing chain of 80 A. Jones and Sons outlets in England. Ellen's chain is concentrated in London (it has a shop at Oxford Circus), Essex and Hertfordshire. Church also has a chain of shops in Scotland operating under the name Church-Allan. Both companies traded well in 1976, with Jones making profits of £1m. on turnover of £7.5m. In the first half of 1977 the London stores performed well and volume held up in the provincial outlets.

Group profits for Church in 1976 rose by 40 per cent. to £1.92m. largely as a result of sharply increased export demand particularly for Church's world-famous men's shoes.

During the first half of 1977 profits climbed by a further 60 per cent. although the chairman warned that this level, partially fuelled by currency windfalls, could not be expected to be maintained. Nevertheless, demand was continuing to outstrip manufacturing capacity and expansion of the workforce would be needed.

The acquisition of Ellen could add a further 13 per cent. or so to profits. Combined pre-tax profits for Ellen in the year to March, 1977 amounted to £246,000 with the retail company providing three-quarters of this. Net assets at that date were £106,000 in the wholesaling company and £646,000 for the retail company.

A spokesman for Church said yesterday that no further acquisitions were planned.

H. & C. HAS 65% OF LUNUVA

It emerged yesterday that Harrisons and Crosfield bought 9.84 per cent. of Lunuva (Ceylon) Tea and Rubber Estates on February 14, bringing its stake up to 65.23 per cent.

At the beginning of 1977, H. & C. had a stake of 44.85 per cent. in Lunuva but the recent successful offers for Malayalam Plantations and Harcros Investment Trust have brought the figure up to 53.4 per cent. Having got more than 50 per cent. of Lunuva through these acquisitions, there is no question of H. & C. having to bid for Lunuva after buying these further shares.

It was felt in some quarters that the acquisition of Harcros should have triggered a bid for Lunuva as well. But the Take-over Panel appeared to rely on paragraph 12 of Practice Note 8 of the Code in not insisting on this.

After getting past the 50 per cent. level, H. & C. certainly moved quickly to build up its stake further. The purchase was made only two weeks after the offer for Harcros went unconditional.

The main asset of Lunuva is thought to be a stake in Harrisons Malaysian Estates worth over £1m.

S. JEROME

S. Jerome and Sons (Holdings) has agreed to buy 99.98 per cent. of William White and Sons (Huddersfield) for £237,500 cash.

White carries on a business engaged in the manufacture of decoration and effect yarns for fine suitings.

Net assets acquired amount to £160,996. Profits before tax for the year ended August 31, 1977, amounted to £108,776.

The 1977 profits reflect an above average activity and must be regarded as exceptionally high.

AGREED BID FOR A. LOCKHART

Following a temporary suspension of Alfred Lockhart's shares at 170p last week, the company has announced an agreed £1.8m. bid from Irish Ropes.

Terms are one Irish Ropes' share plus £1 for every Lockhart share. The last known share price of Irish Ropes is 130p, putting a total value on the offer of 230p per share.

But shareholders not wishing to take Irish Ropes' shares can receive 110p cash as an alternative for a total consideration of 210p per share. This alternative is only available until the first closing date of the offer.

Shareholders including the directors of Lockhart and the Dawnay Day group holding 75.6 per cent. of Lockhart have irrevocably undertaken to accept.

Irish Ropes' existing interests are mainly in carpets and cordage. It is thought to want Lockhart as part of an expansion into plastics and to obtain a base in England.

The preliminary results of Lockhart for 1977 were also released yesterday. They show a pre-tax profit of £219,000 (£114,000) on turnover up at £2.2m. (£1.7m.).

REED INTNL.

Shareholders of Union Corporation, Reed International, Sappi, Kohler Brothers and C. G. Smith and Co. are advised that continuing progress is being made in the negotiations announ[...] January 26, 1978. [...]

A further 14 days sus[...] of the shares of Sappi [...] and Reedpak have been re[...] and obtained from the Jo[...]burg Stock Exchange.

SIMON READY TO BID FOR JOHNSON-STEPH[ENS]

Simon Engineering has [...] negotiating with Gordon Jo[...] Stephens Holdings an[...] principal shareholder, W[...] England Trust, with a v[...] agreeing the terms of a cas[...]

Simon has now inform[...] Board and West of Englan[...] that it would be prepared t[...] a formal offer for the O[...] capital of Johnson-Stephen[...] ject, inter alia, to the [...] mendation of the Jo[...] Stephens Board and to the [...] by Simon of irrevocable [...] takings to accept the Simo[...] by members of the Jo[...] Stephens Board in respect [...] individual holdings and by [...] of England Trust and its [...] ment associates.

The offer would be rela[...] the net asset value per sh[...] at March 31, 1978, as dete[...] by a joint audit by S[...] auditors and those of Jo[...] Stephens'.

Dealings in Johnson-St[...] shares have been suspende[...] August 9, 1977. Net assets [...] at March 31, 1977 were £1.4[...]

Johnson-Stephens is [...] engaged in the manufact[...] poultry and poultry by-[...] processing equipment. [...] objective would be firs[...] stabilise and later to expa[...] operations so as to establ[...] conjunction with the [...] Simon activity in meat pro[...] a significant British based [...] and meat processing equ[...] operation capable of hold[...] own against international [...]tition.

FOTHERGILL & HARVEY

Fothergill and Harve[...] agreed in principle to bu[...] proofings operation of [...] Compoflex division from [...] Flexible Tubes. This b[...] based in Littleborough, [...] takes the coating of ind[...] textile fabrics with [...] synthetic rubbers. F. and [...] materials suppliers to in[...] regards this acquisition as [...]ful extension to its ra[...] products.

TIET has stated that [...] making this sale in order [...] centrate resources on its [...] business in the manufact[...] composite and metallic ho[...] bellows. It is believed t[...] opportunities for the pr[...] business can best be explo[...] it becoming part of F. an[...]

Unaudited operating pr[...] the division for 1977 was [...] region of £140,000. The pu[...] consideration for assets an[...] will will be based on va[...] March 31, 1978.

BABCOCK IN ITALY

Fata Spa, a member [...] Babcock and Wilcox Grou[...] recently acquired 91 per[...] of the capital of Samma, [...] company located in Turin[...] Samma manufactures moul[...] dies for aluminium [...] machines and other ligh[...] die castings.

COMET/WIGFALL

Comet Radiovision's co[...] take-over bid for Henry [...] has been accepted by hol[...] only 143,193 Ordinary [...] (around 2.8 per cent. [...] capital) and 10,200 Pre[...] shares. Prior to the bid [...] held 95,000 Ordinary [...] shares.

The offers, which are [...] opposed by the Wigfall [...] which claims the support [...] per cent. of equity, hav[...] extended until March 7. [...] terms are unchanged. [...] accepting Wigfall share[...] would be allowed to k[...] interim dividend of 3p [...] share

EIS sees profit downturn

LOWER PROFITS for 1977, largely as a result of industrial disputes, are forecast by the chairman of Electrical and Industrial Securities in a letter to shareholders concerning the acquisition of C. F. Taylor. The dividend, to be announced with the figures on April 24, is likely to be maintained at last year's level.

Shareholders were told yesterday by Mr. M. Q. Walters that industrial action at both Hick Hargreaves and Kontak, due to "dissatisfaction with pay controls" was exacerbated by disruptions to materials supplies caused by industrial action at the suppliers.

"These difficulties were costly in terms of both turnover and profit." Mr. Walters says. "In spite of this, turnover for 1977 was in excess of that for 1976, the order book remains satisfactory and trading profits for 1977 are expected to be close to the 1976 level. Your directors are confident that they will be justified in recommending at least the maintenance of the 1976 dividend rate."

Turning to the acquisition of C. F. Taylor, Mr. Walters says that it has been bought for its "longer term" potential. Half of Taylor's turnover is the manufacture of aircraft galley equipment and the conventional markets for these "may prove difficult in 1978 and 1979." Thereafter the replacement of ageing aircraft fleets worldwide should provide significant opportunities.

The last available profit figures for Taylor, to December, 1976, were £258,000 pre-tax on turnover of £7m.

WINTOUR

The offer documents from A. A. Clark for Wintour Holdings, contain a letter of recommendation from Wintour's managing director, Mr. A. S. Kennard, and an estimate that pre-tax profits will amount to £70,000 for 1977 (less non-recurring expenses) compared with £51,319 for 1976.

A. A. Clark, whose revised offer of 104p cash led to the withdrawal of the opposing bid from a group of Wintour's directors, now has irrevocable acceptance from the directors (who control 17.17 per cent. of the shares) plus options on a further 15.5 per cent. from other shareholders.

HOSKINS & HORTON STAKE GOES TO MIDDLE EAST

Artoc, the Middle East merchant bank, has acquired on behalf of Middle East clients a 23.2 per cent. stake in engineers Hoskins and Horton. The stake was acquired indirectly from Mr. R. G. Horton, a director, who sold them in the market. At yesterday's market price of 140p it is worth £769,000.

Artoc are advisers to WoBaCo, the Nassau-based investment company with Middle East interests, and also to the Iranian Investment Company. These two groups recently acquired just under a 30 per cent. stake in the Talbex Group and now have three representatives on the Talbex Board.

A spokesman for Artoc, however, stressed yesterday that the stake in Hoskins is purely for investment and is not intended to be strategic. No Board representation is being sought.

SHARE STAKES

Harrisons and Crosfield—Mr. G. O. Peake, has acquired a non-beneficial interest in 15,780 and 4,842 Ordinary shares and, 13,000 6½ per cent. (no w4.55 per cent.) Preference shares.

Automated Security Holdings—London Trust has acquired 220,000 8per cent. Conversion Preference shares through the recent rights issue. No allowance has been made for shares which may be issued in connection with the acquisition of Brocks Alarms by A.S.H.

Thomas Warrington and Sons—Mr. T. J. B. Warrington, has transferred to his daughter, Miss M. E. G. Warrington 5,000 Ordinary shares. Mr. Warrington's interest in he capital of the company is now as follows—T. J. B. Warrington—beneficial—178,587 shares. Mrs. T. J. B. Warrington—Beneficial—40,000 shares and T. J. B. Warrington—trustee—13,799 shares, total 1.73 per cent.

Malayalam Plantations—Harrisons and Crosfield, having received further acceptances in respect of 367,998 shares, its interest now totals 25,065,096 (92.21 per cent.).

Epicure Holdings — Mr. L. Brealey sold 50,000 Ordinary shares (fully paid) at 10p on February 21.

BOC DENIES AIRCO CHARGES

BOC International has denied the substantive charges in Airco Inc.'s lawsuit to invalidate BOC's recent acquisition of 1.8m. Airco shares.

In a filing in the federal court in Wilmington, Delaware, the U.K. company in turn made charges against Airco.

In the latest development BOC in its answer and counterclaim to the lawsuit charged that Airco had made untrue and misleading statements concerning various aspects of the dispute.

As previously reported BOC earlier this year increased its stake in Airco to 49 per cent. through a $43 a share tender.

In its lawsuit Airco charged in part that the purchase of 1.8m. shares was part of a scheme to obtain all of the outstanding Airco shares at a low and unfair price.

£1.28m

m

iturn

nglo's R144m. profit eats forecast

NNETH MARSTON, MINING EDITOR

AFRICA'S Anglo Corporation mining, and finance group, has a better than expected for the 12 months to 31, of R143.6m. equal to earnings per 66.5 cents (39.3p).

est results include those Selection and other s following the merger became effective on 1977, and are thus not le with Anglo's 1976 R86.3m. Extraordinary s of R32.1m. on the casion reflect writing- the investments in the per Botswana RST and ded Tenke Fungurume oject in Zaire.

	Twelve months ended 31.12.77 R000s	Six months ended 30.6.77 R000s
tax	165.288	92.071
	14.094	7.945
tax	17.202	84.128
reholders	27.578	14.947
extraord.		
	143.632	88.179
	43.677	16.785
ofit before		
tem	99.955	52.394
m	32.100	9.010
ofit	67.855	43.384

ncial year-end of Anglo changed to March 31 f the merger deal and rent accounting period or 15 months to that special dividend of 8.25 declared last May and ved by a second pay- 12 cents in November. r the 15 months to re expected at the end nd the annual report posted towards the end

up did not anticipate ngs for the six months er 31 would be as high for the preceding six cause of the changed profits arising out of Selection take-over. In however, earnings for six months have o R74.3m. from R69m. higher investment

ore, Anglo reckons ngs for the three March 31 next are proportionaly higher e previous six-month is better-than-expected ll be largely explained act that gold and re the major sources ent income.

The price of gold moved higher yesterday by $1.75 to a three-year high of $183.125 per ounce. The gold mines index, however, eased slightly to 157.1 owing to year-end tax selling of gold shares in Johannesburg and a lack of U.S. buying.

Platinum was also in the news following a further rise in the South African Rustenburg Platinum Mines' selling price from $205 to $220 per ounce. No change from the $205 level was announced by the rival Impala Platinum and on the free market the metal was $232. In the share market, Rustenburg rose 3p to 90p after having earlier eased to 86p.

Copper, on the other hand, fell £13 to £616 per tonne in London and was reported to have weakened sharply in New York. Zambia's Nchanga Consolidated Copper Mines announced a further quarterly operating loss.

EEC guarantees for mining

THE European Economic Community will propose multinational private investment guarantees for mining ventures and other projects in developing countries when the EC begins negotiations later this year with 53 African-Caribbean and Pacific countries, according to an EC official.

M. Claude Cheysson, the EC's Commissioner for Development, outlined the proposed investment guarantees, to be backed by the nine-nation EC as a group, at a Washington Press conference. M. Cheysson was in Washington to discuss various types of economic aid programmes for developing countries with the Carter Administration officials and members of Congress.

M. Cheysson, a former French Government official, will be the EC's chief negotiator in the coming months on the renewal and expansion of the so-called Lome convention, the EC's "contractural" agreement with the 53 developing nations, which among other things gives these countries free access to Western European markets for their exports.

In negotiating a new Lome convention, M. Cheysson said that the EC wants to find a place for the exports of the African countries, for example, in the EC market, but may have to make some special arrangements for textiles and other imports because of resistance in the EC countries to such imports.

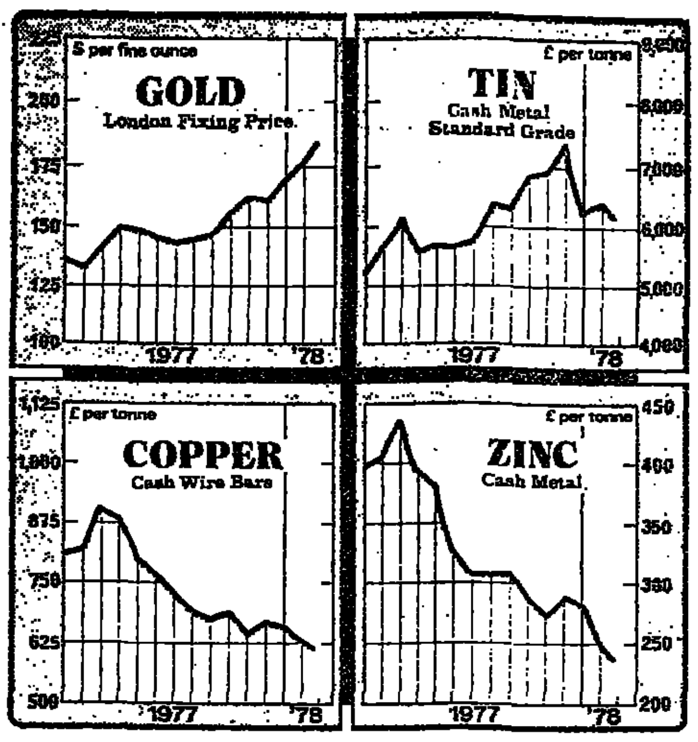
CAIL boosts earnings: new bid coming?

ANOTHER example of the growth of Australia's coal industry comes from the New South Wales producer, Coal and Allied Industries. Earnings for the half-year to December 31 have advanced to $A4.83m., (£2.83m.) from $A2.1m. in the same period of the previous year.

CAIL has boosted its coal output in the latest period to 1.86m. tonnes from 1.50m. tonnes. Aided by coal bought from other companies, the company's domestic and export sales have increased to 2.16m. tonnes from 2m. tonnes. The interim dividend has been raised to 8 cents (4.7p) from 6 cents.

As reported here on Wednesday, CAIL is now to be allowed by the NSW Government to mine some 406m. tonnes of coal—sufficient for more than 40 years' operations—from the 600m. tonnes' deposit the company has proved up in the Warkwork coal region. Previously, the NSW Government had decided to pass the coal mining rights on to the State's electricity utility.

The latter decision, now reversed, thwarted plans for an $A80m. take-over of CAIL by the Rio Tinto-Zinc group's Conzinc Riotinto of Australia in association with Australia's Howard Smith group. NSW Government guidelines to foreign investment in minerals have now been announced and with the Warkworth coal having been returned to CAIL, the CRA-Smith partners are expected to renew their take-over bid.



While the price of gold has continued to climb against a background of weakness in the U.S. dollar, general instability in currencies and a steady industrial demand, base-metal prices have succumbed to the industrial recession. Both copper and zinc are in over-supply and their prices are either close to, or below the costs of production. Tin, however, has been buoyed up by a continuing good demand in the face of virtually static production. Consecuently, many of the world's base-metal mines have run into losses while diversified groups such as Anglo American, Consolidated Gold Fields, Rio Tinto-Zinc and Noranda are still managing to do well.

BHP wins £147m. coal deal with Brazil

AUSTRALIA'S largest company, Broken Hill Proprietary, celebrated the signing of an Australia-Brazil trade agreement yesterday by clinching a $A250m. (£147m.) long term coal contract to supply Brazilian steelmakers, writes James Forth from Sydney.

The coal will come from BHP's new $A300m. Gregory open cut coal mine in Queensland, which is currently under construction. It is the second contract for Gregory. The first, worth about $A1.25bn. (£732m.) over 15 years was signed last August with a consortium of eight Japanese steelmakers.

The Gregory coal will go to the state-owned holding company for three of Brazil's big steelmakers, Siderurgia, Brasileria SA and Siderbras. The deal calls for initial shipments totalling 250,000 tonnes in 1980 rising to 500,000 tonnes in each of the following nine years, making a total of 4.75m. tonnes.

Together with the earlier Japanese orders the Gregory mine now has export orders representing 2.4m. tonnes annually of the planned capacity of 3m. tonnes per annum.

Mr. Marcell Fernandes, Siderbras' director for commercial co-ordination, said in Canberra yesterday that Brazil had plans to expand its steelmaking capacity from the 11m. tonnes produced in 1977 to between 30m. and 35m. tonnes in 1985. This would require annual coal imports of 10m. tonnes by 1983

The Gregory arrangement is the first long-term contract to supply Australian coal to Brazil but Siderbras is talking to the Utah group and other Australian coal exporters. Brazil is seeking to diversify its coal supplies, to reduce the 50 per cent. proportion coming from the U.S. and Canada.

RAND LONDON EARNS MORE

The Johannesburg group, Rand London Corporation, expects to declare an annual dividend of at least 10 cents (5.91p) in October. This was stated yesterday as a sharp increase in net profits for the year to December was announced.

Net income for 1977 was R902,000 (£533,317) against R16,000 in 1976, but these latter figures relate to the former Nigel Coal Mining Company, prior to the merger with Rand London. The shares yesterday were 56p.

UCI takes a cautious view

TAKING A very cautious view of the recent firmness in the gold and platinum markets, Mr E. Pavitt, the chairman of South Africa's UC Investments, refuses to make any estimates about profitability for 1978 in his annual statement.

"All too often in the past we have seen how rapidly precious metal prices can change, both upward and downward, not only because of the supply-demond ratios but because of stability or turmoil in international currency markets," he says.

Mr. Pavitt goes no further than commenting that, if present prices are an indication of precious metal market conditions for the rest of the year, investment income should improve

Mr. Ian Greig, the chairman of Impala Platinum, a holding in which makes up 17.37 per cent of UCI's portfolio, has already hardened the possibility of improvement with a qualified promise of higher dividends in the year to June.

A further indication of the firmness of the platinum market came yesterday when Rustenburg Platinum raised its producer to $220 an ounce from $205, the level it had shared with Impala.

UCI is the main investment company in the Union Corporation group. Its holdings stretch through gold mines—heavy stakes are held in Kinross and Winkelhaak—to industrial metals like asbestos, copper and manganese. With further holdings in industrial groups, it is well-balanced.

The market value of its holdings at the end of December 1977 was R103.47m. (£61.17), compared with R85.3m. a year before. Net profits for the year to December were R7.2m. (£4.28m.) and dividends were 30 cents a share, the same as in 1976. The shares were 232p yesterday in front of the statement.

ROUND-UP

Mr. J. T. Chappel, the chairman of Pengkalen, the Malaysian tin producer, says in his annual statement to-day that provided the tin price is maintained at a satisfactory level, the dredge will operate "with moderate profitability" until the first quarter of 1979.

* * *

Power shortages in Illinois have led Amax to shut down production at its Sauget zinc refinery, but there have been no interruptions in supplies to customers.

* * *

Soviet geologists believe that the heat and pressure of large meteorites hitting the earth can produce diamonds. Their hypothesis has been supported by a find of diamonds at small depth in a depression in north-central Siberia, Tass, the news agency said. But there was no indication of the size or quantity of the diamonds.

* * *

In Malaysia, the Sarawak Mining Industries Association announced that two antimony deposits of commercial value have been found in the Bau district. Antimony ore is already mined in the area.

Howard Machy overseas hope

IN HIS annual statement, Mr. P. Colecough, the chairman of farm equipment group Howard Machinery, says that the group is in no doubt that its strong presence overseas will be one of the factors which will contribute to it forging ahead again and taking full advantage of a resurgence in its markets when this takes place. He adds though, that sales in the first two months of the current year reveal little sign of such a trend.

As reported on February 1, pre-tax profits for the year to October 31, 1977 fell from £3.26m. to £1.51m. on sales up from £69.34m. to £74.45m. The dividend total is maintained at 2.233p net.

In 1977 the world market for farm machinery was depressed, the chairman explains, and this time there was no major area to compensate for the group's general weakness.

In the U.K. J. Mann and Son and Howard Harvestore produced good results, but the group's major company, Howard Rotavator was unable to obtain the necessary home or export orders to provide the group's factories with the profitable volume of production for which they were planned.

The foundry department of the Halesworth factory was closed during the year, as well as the assembly plant at Ipswich, thus making some 15 per cent. of the employees at Howard Rotavator U.K. redundant.

Mr. Colecough adds that it was also necessary to make cutbacks in the group's factories in Australia, Brazil, France and Germany as a result of lower levels of activity.

The group has diversified successfully into the vineyard and grape processing markets, he says and he feels that the increased research and development programme will lead to other promising and innovative machines.

Steps have been taken to strengthen the group's financial position by even stricter controls of stocks and debtors. Although sales increased by 7.5 per cent., stocks were reduced and debtors remained level, partly due to a reduction in the sterling value of the overseas inventories as a result of the increased value of the pound. This has also led to a reduction in reserves. Working capital decreased by £0.49m. compared with an increase of £2.05m

PRIDE & CLARKE

The offers by Inchcape to acquire the capital of Pride and Clarke have been accepted by the holders of 1,873,046 Ordinary and 7,300,184 new Ordinary shares allotted pursuant to the resolution passed on February 21 and by the holders of 225,725 Preference shares. These acceptances represent 93.8 per cent. of the Ordinary and 90.3 per cent. of the Preference capital.

The offers have now become unconditional in all respects and will remain open.

MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

Day-to-day credit was in good supply in the London money market yesterday, and the authorities absorbed surplus funds by selling a very large amount of Treasury bills to the discount houses.

Banks brought forward surplus balances, very large Government disbursements exceeded revenue payments to the Exchequer, and the market was also helped by a slight fall in the note circulation. On the other hand there was a fairly large net take-up of Treasury bills, and settlement was made of gilt-edged sales.

Discount houses paid 5-5½ per cent. for secured call loans in the early part, and closing balances were taken at 4-5 per cent.

In the interbank market overnight loans opened at 5¾-6 per cent., and fell to 4-4½ per cent., before rising to 5½-6 per cent., and closing at 3-4 per cent.

Short-term fixed period interest rates were slightly easier in calm trading.

Rates in the table below are nominal in some cases.

Feb. 23 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or 7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days' fixed. [illegible]

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Good year forecast by Revlon

NEW YORK, Feb. 23.

REVLON expects to report a 17.7 per cent increase in per share earnings in the fourth quarter of 1977 over the 1976 period and a 19.4 per cent increase in annual earnings over 1976, according to Mr. Michael C. Bergerac, chairman and chief executive.

Net income for the year again increased at a higher rate than sales which rose 19 per cent. For the first time Revlon's volume topped $1bn.

The cosmetics fragrances and health products company earned about 90 cents a share in the fourth quarter, against $24m or 79 cents a share a year earlier. Sales exceeded $350m., against $292.1m. he said. The 1977 sales figures include two months' sales—about $18m.—from Armour Pharmaceutical which was purchased from Greyhound Corporation in November.

Revlon's annual earnings were close to $3.20 a share, Bergerac said, against $81.5m. or $2.68 a share in 1976. Sales were about $1.4bn., against $955.6m.

Bergerac noted that currency translation in the final quarter had an adverse effect of 5 cents a share, against an adverse effect of 7 cents in the 1976 quarter. For the year currency translations had an adverse effect of 26 cents, against 23 cents previously.
AP-DJ

Strong fourth quarter boosts Pepsico earnings

NEW YORK, Feb. 23.

PEPSICO, the soft drinks and snack foods group, disclosed earnings for 1977 of $2.15 a share against $1.80 in the previous year. Total net earnings advanced from $153.8m. to $187.3m., on sales of $3.55bn. compared with $3.03bn.

The final quarter of the year saw share earnings increase from 48 cents to 57 cents. Net earnings at $49.5m. against $41.9m. reflected sales of $1.13bn. compared with $917.2m.

The 1976 results are restated to reflect pooling of interest with Pizza Hut and early compliance with Statement of Financial Accounting Standards 13 for leases.

Mr. Donald M. Kendall, chairman and chief executive, said: "While all our major lines of business except sporting goods contributed to the increase in corporate earnings, progress in soft drinks was particularly pronounced. Case sales growth domestically was about 12 per cent, far ahead of the industry as a whole, and overseas was even stronger. Snack foods experienced exceptional growth and their sales and unit volume gains in the U.S. outpaced the industry average by a wide margin."

"Revenues were also up substantially in food service operations represented by Pizza Hut, and in our transportation business. Wilson, however, experienced a profit decline attributable mainly to supply and demand imbalances in a sluggish sporting goods market and to substantial investment spending undertaken by the company during the year.

"A second half sales improvement, however, and the enthusiastic response to recent product introductions indicate a turnaround for Wilson in 1978," he said.

Mr. Kendall also noted that earnings per share for the year were reduced about 10 cents a share by two important accounting changes—the capitalisation of leases and the conversion of Pizza Hut investment tax credits to Pepsico's amortization basis—and by foreign exchange losses.

"In the fourth quarter which had 17 weeks instead of the 16 of 1976, operating profits rose 17 per cent while the profit margin was off slightly due to unusually heavy investment spending and the December strengthening of the Swiss franc," he said.
AP-DJ

Currency translation lifts Hoover

NEW YORK, Feb 23

NET EARNINGS per share at *Hoover Company, the U.S. group* which owns more than half the shares in the U.K. quoted company, increased from 52 cents to $1.78 in 1978. Total net earnings were $23.46m. against $6.84m last year on sales of $590.7m. against $571.9m.

For the fourth quarter, earnings per share jumped from 40 cents to 81 cents on net earnings of $10.65m. against $5.23m. Sales of $159.8m. compared with $158.5m.

The fourth quarter figures include a gain of $2.78m. or 21 cents a share against a loss of $1.57m or 11 cents and the year includes a gain of 25 cents a share against a loss of 74 cents, all from foreign currency translations.
Agencies

See Lex

Allis-Chalmers income record

MILWAUKEE, Feb. 23.

ALLIS-CHALMERS, the U.S. engineering group, confirmed yesterday that earnings per share for 1977 have increased by 22 per cent. to a record $5.52 on a net total of $67m. compared with $58.7m. Sales of $1.5m. compare with a similar total last time.

For the fourth quarter, earnings increased to $1.06 a share or $13.1m. from $0.98 or $11.8m. in the year ago period, on sales of $369.1m. against $368.6m.

Mr. David C. Scott, the chairman and president, said that the process equipment sector was the strongest contributor to sales and earnings and had world-wide growth through acquisitions, licensings, and new market and product development.

He added that sales and earnings continued strong in the electrical businesses and said that demand remained high for equipment and services for repair, upkeep, economical operations and pollution control.

IBM sues Xerox Corpn.

ARMONK, Feb. 23.

INTERNATIONAL Business Machines Corporation said it sued Xerox Corporation, alleging Xerox's word processing systems infringe seven of IBM's U.S. patents.

In a statement, IBM said the suit, in which IBM seeks injunctions against Xerox and unspecified damages, was filed in U.S. District Court, Northern District of Texas in Dallas.
Reuter

Esmark first quarter slip

PHILADELPHIA, Feb. 23.

ESMARK, the energy, chemicals and foods group was hard hit by severe weather in the first quarter according to its president and chief officer Mr. Donald P. Kelly.

Expectations that the company could better the 1977 first quarter net of $14.9m. or 80 cents per share were unfulfilled in the event with a net outturn for the first 1978 period of $14.1m. or 75 cents a share, on sales of $1.24bn., against $1.25bn.
AP-DJ

A T & T wins connection ruling

WASHINGTON, Feb. 23.

THE Federal Communications Commission (FCC) has ruled that American Telephone and Telegraph does not now have to provide connections for public lines of other carriers such as MCI Telecommunications Corporation's "Execunet" long-distance service.

The commission voted 6-to-1 to conduct a study to determine whether competition for AT & T in providing long-distance service is in the public interest.

The commission also said that individual specialised carriers may ask for a hearing on interconnections while the study, expected to be lengthy, is being made. The study may require AT & T later to make the connections.

MCI later said it is appealing the FCC ruling as it believes the FCC's reasoning is "incorrect."
AP-DJ

Polaroid hit by weather

CAMBRIDGE, Feb. 23.

POLAROID Corporation said to-day that recent heavy snowfalls in the northeast of the country resulted in a substantial loss of production both of cameras and film, which will have an adverse impact on the 1978 first-quarter performance.

President Mr. William J. McCune said demand for the "Onestep" low-priced instant camera has continued at a high level so far this year and, "we do not expect to be able to keep up with demand in the first quarter despite around-the-clock *production*."

For the fourth quarter of 1977 the company reported net earnings of $37.7m. or $1.15 a share against $31.9m. (98 cents a share) in the same 1976 period. Sales in the last quarter were $366.6m. against $303m.

This advance brought full-year earnings to $92.3m ($2.81 a share) on sales of $1.06bn. against the 1976 year profit of $79.6m. ($2.43 a share) on sales of $950m.

Mr. McCune said the full year and fourth-quarter tax rates in 1977 were less than in 1976.
Agencies

Strike trims Mead

Mead Corporation's first quarter earnings are likely to approximate the $19.6m. or 79 cents a share of a year ago, according to Mr. James W. McSwiney, chairman, AP-DJ reports from Cleveland. The Ohio company's results are being adversely affected by the coal strike and the depressed pulp prices, but demand for other products is strong. Mead produces and distributes pulp, paper, lumber and other forest products and castings and other industrial items.

McGraw-Edison

McGraw-Edison expects first-quarter earnings "better than" the year ago $14.6m. or 90 cents a share, says president and chief operating officer Mr. Edward J. Williams, AP-DJ reports from Pittsburgh. "If earnings grow we expect the quarterly dividend to increase," he said.

U.S. Gypsum hopeful

U.S. Gypsum's sales and net earnings are expected to increase over the 1977 record levels, when the company earned $59.8m. on sales of $1.18bn., said Mr. Graham J. Morgan, Chairman, AP-DJ reports from New York.

U.S. QUARTERLIES

HEWLETT PACKARD

First Quarter	1978 $	1977 $
Revenue	368.0m.	298.0m.
Net profits	33.0m.	26.0m.
Net per share	1.14	0.93

CARNATION

Fourth Quarter	1977 $	1976 $
Revenue	624.0m.	559.0m.
Net profits	28.0m.	27.0m.
Net per share	0.76	0.73
Year		
Revenue	2.3bn.	2.2bn.
Net profits	109.0m.	104.0m.
Net per share	2.93	2.78

DIAMOND INT.

Fourth Quarter	1977 $	1976 $
Revenue	313.0m.	275.0m.
Net profits	14.8m.	13.7m.
Net per share	1.27	1.17
Year		
Revenue	979.0m.	887.0m.
Net profits	47.0m.	50.0m.
Net per share	4.02	4.29

SPERRY & HUTCHINSON

Fourth Quarter	1977 $	1976 $
Revenue	191.9m.	173.7m.
Net profits	6.3m.	9.3m.
Net per share	0.65	0.96
Year		
Revenue	703.2m.	634.7m.
Net profits	22.6m.	24.1m.
Net per share	2.31	2.48

STANLEY WORKS

Fourth Quarter	1977 $	1976 $
Revenue	166.1m.	156.3m.
Net profits	8.78m.	6.76m.
Net per share	1.11	0.85
Year		
Revenue	640.2m.	566.3m.
Net profits	32.89m.	27.38m.
Net per share	4.12	3.44

WHIRLPOOL

Fourth Quarter	1977 $	1976 $
Revenue	433.0m.	359.0m.
Net profits	26.0m.	21.0m.
Net per share	0.72	0.59
Year		
Revenue	1.9bn.	1.6bn.
Net profits	110.0m.	76.0m.
Net per share	3.04	2.11

Schickedanz expansion led by mail order business

BY GUY HAWTIN

FRANKFURT, Feb.

THE Schickedanz group, which *controls Europe's largest mail* order operation, to-day reported that sales last year rose by 10.5 per cent.—a performance well in excess of the generally miserable growth rates reported by other West German retailers. Mail order turnover provided the impetus for the expansion, although the group's stores showed up quite well compared with many of its competitors.

Group turnover last year totalled DM8.35bn. ($4.1bn.)—some DM753m. up on 1976's DM7.59bn. Of this, the Quelle mail order concern contributed DM4.13bn., which was 15.3 per cent., or DM547m. above the previous figure.

Frau Grete Schickedanz, the chief executive, said that 1977 had been a difficult, though successful, year. Undoubtedly, sales were substantially helped by the fact that it was Quelle's golden jubilee and consumers were offered a special jubilee range at attractive prices.

Altogether, Schickedanz mail order turnover went up by 14.5 per cent. to DM4.99bn. It is also interesting to note that there was particularly strong growth overseas, with sales up 17.8 per cent. at DM450m. at a time when international currency fluctuations made trading conditions particularly difficult.

Non-mail order retailing sales grew far more slowly. Overall they rose by 4.9 per cent. from DM2.26bn. to DM2.36bn. Foreign turnover also rose faster than domestic sales, increasing by 12.1 per cent. to DM301m. In contrast, home turnover went up by 4 per cent. from DM1.98bn. to DM2.06bn.

The Schickedanz industrial interest—it is one of the Federal Republic's most widely diversified group's—saw sales slow substantially compared with 1976. Even so, they rose by 5 per cent. to DM995m.

In the mail order field, Quelle has a reputation for being one of the most innotive concerns in the business. Every second household in West Germany is reckoned ot have access to its catalogues, and it access to its catalogue, and it local agents.

To supplement its direct mail order business, the group also runs a chain of department stores which run the same range of stock as the catalogue, as well as a wide network of showrooms, which display product lines and accept orders. A couple of years ago, it tightened its grip on the market further by introducing a service which books orders by telephone.

The management points out that the backbone of the Quelle operations is the catalogue ... the width of the catalogue ... culation makes it ... which made the sale ... logue or the physical disp...

It may be possible to ... insight into the manage... thinking by examining ... outlet policy. Last ... Quelle operation ... department stores from ... but at the same time ... sales space by 5.4 per ... 148,850 square metres ... creased the number of its ... rooms from 129 to 141 ... expanded their sales space ... per cent. to 42,800 square ... This year department store ... space is planned to ... per cent.

This year the group ... be anticipating difficult ... conditions and continued ... competition. Last year's ... mas business was stimulat... the income tax cuts and ... that value added tax was ... to rise. This year, prices ... group's summer catalogue ... an average increase only ... to that of the rise in VA... from 11 to 12 per cent.

Earnings this year have ... be announced, but it is ... that they will show a posit... provement in the store ... as well as on the mail ... front. For this year, the ... is making no predictions.

Ahold raises dividend

BY CHARLES BATCHELOR

AMSTERDAM, Feb. 23.

THE RETAIL margins of Ahold, the stores and food processing group, came under pressure in 1977. However, increased sales *meant that operating* profit as a share of turnover was only slightly lower. And when the result of Ahold's American acquisition, BI-LO, is taken into account, relative profit levels rose.

Reflecting this improvement Ahold said it will increase its dividend payment per Fls.20 *nominal share in 1977* to Fls.3.60 in cash and 10 per cent. in shares from the tax-free share premium reserve. It paid Fls.4.80 in cash in 1976 and gave shareholders the option of taking Fls.3.20 in cash and 3½ per cent. in shares.

The trust set up by Ahold last October to group its foreign interests will pay no dividend.

Excluding the effect of the acquisition of BI-LO last August, net profit rose 19.6 per cent. to Fls.34.2m. ($15.5m.) from Fls.28.6m. in 1976. Including BI-LO net profit rose 28.7 per cent. to Fls.36.8m. ($16.7m.). Net profit as a share of turnover rose to 0.89 per cent. from 0.84 per cent.

Profits per share were higher at Fls.17.91. This compares with Fls.14.24 last time and Fls.13.78 when the 1976 profit is adjusted for the share distribution.

State aid for La Chapelle Darblay

By Robert Mauthner

FRANCE'S largest ... manufacturer, La Ch... Darblay, will receive a ... capital injection and ... totalling some Frs.38... as part of the paper ind... reorganisation scheme.

The French Paribas ... group, which has a 48 per ... stake in La Chapelle-Da... and the Institut de Deve... ment Industriel, which ha... per cent. holding, will sub... Frs.230m. to the capital inc... while the French Economi... Social Development Fund ... state soft-loan agency, wil... the company Frs.155m.

The funds are destined ... major Frs.550m. investmen... gramme to modernise the ... pany's two factories near ... which will be spread ove... next three years.

La Chapelle-Darblay had ... turnover of some Frs.1.2b... year, but suffered subst... losses over the past two ... Though the results for 1977 ... not yet been made public ... are reported to be less tha... previous year's Frs.120m.

EUROBONDS

German issue calendar

BY MARY CAMPBELL

THE CALENDAR for the German foreign bond issues in March has been set at about DM1.3bn., slightly less than this month. The first of next month's issues is likely to be for Mexico's Comision Federal de Electricidad, following issues for Trinidad and Tobago (due for announcement to-day), the Philippines and Tauernautobahn (due for announcement early next week).

The D-mark sector in general continued strong yesterday. Market sources said that the coupon on the European Investment Bank's offering had been cut to 5¾ per cent. from the scheduled 5⅞ per cent. and that the amount size of the issue was likely to be raised by DM50m. to DM250m.

Meanwhile, the dollar sector remained unchanged. Prices of sterling issues were up, however.

Paribas trend improving

By Jeffrey Brown

A RISE of a sixth in net ... is announced by Paribas ... major French banking ... financial institution.

Last year group net ... rose to Frs.514m.—some ... —from the Frs.438m. of ... while net earnings of the ... company moved up ... Frs.172.4m. to Frs.197m. ... of 8 per cent.

The group, which ... interests in all major indu... sectors and has played ... portant part in the ... of the French economy ... the war, is maintaining ... dend at Frs.19 ... increased by a one for five ... issue.

In 1976 something like ... fifths of group net ... outside of France ...

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	95½	96½
AMEV 8pc 1987	95½	96½
Australia 8½pc 1992	94½	95½
Australian M & S 9½pc 92	97½	98½
Barclays Bank 8½pc 1992	96½	97
Bowater 9½pc 1992	96½	97½
Can. N. Railway 8½pc 1986	96½	97
Credit National 8½pc 1986	97½	98
Denmark 8½pc 1984	99½	100
ECS 9pc 1993	95½	99
ECS 8½pc 1997	95½	95½
EIB 8½pc 1992	97½	98½
EMI 9½pc 1989	97½	98½
Ericsson 8½pc 1989	95½	96½
Esso 8pc 1986 Nov.	100½	101
Gt. Lakes Paper 8½pc 1984	97½	97½
Hamersley 9½pc 1992	100	100½
Hydro-Quebec 9pc 1992	95½	96
ICI 8½pc 1987	95	96½
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc '92	96	96½
Massey Ferguson 9½pc 1991	96	97
Michelin 9½pc 1988	101½	102
Midland Int. Fin. 8½pc 1992	96½	97½
Natl. Coal Board 8pc 1987	94	94½
Natl. Westmnstr. 9pc 1986	101½	102½
Newfoundland 9pc 1989	95½	99½
Norges Kom. Bk. 8½pc 92	95½	96
Norsk Hydro 8½pc 1992	95	95½
Norsk Hydro 8½pc 8½pc '92	95	95½
Oslo 9pc 1988	100½	101
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1993	95½	96
Prov. Saskatch. 8½pc 1986	97	97½
Reed International 9pc 1987	[illegible]	[illegible]
RHM 9pc 1992	93	93½
Selection Tst. 8½pc 1989	90½	91½
Skand. Enskilda 8pc 1991	92	93½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	93½	94½
United Biscuits 9pc 1989	92½	93
Volvo 8pc 1987 March	92	93½

NOTES	Bid	Offer
Australia 7½pc 1984	94½	95½
Bell Canada 7½pc 1987	93½	94
Br. Columbia Hyd. 7½pc 85	93½	94½
Can. Pac. 8½pc 1984	95½	96½
Dow Chemical 8pc 1986	96½	97½
ECS 7½pc 1982	93½	94½
ECS 8½pc 1989	95½	96
EEC 7½pc 1982	95½	97
EEC 7½pc 1984	93½	94½
Enso Gutzeit 8½pc 1984	96	96½
Gotaverken 7½pc 1982	97½	98½
Kockums 8pc 1982	97½	99½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	100	100½
New Bruns. 8pc 1984	96½	97½
New Bruns. Prov. 8½pc '83	100½	101
New Zealand 8½pc 1986	97½	98½
Nordic Inv. Bank 7½pc 1984	93½	94½
Norsk Hydro 7½pc 1982	96½	97
Norway 7½pc 1982	95½	96½
Ontario Hydro 8pc 1987	93½	93½
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	99½	100½
Sweden (K'dom) 7½pc 1982	97	97½
Swedish State Co. 7½pc '82	96½	97½
Telmex 9½pc 1984	96½	98½
Tenneco 7½pc 1987 May	97½	98½
Volkswagen 7½pc 1987	97½	98

STERLING BONDS	Bid	Offer
Courtaulds 9½pc 1989	93	94½
ECS 9½pc 1989	92½	93½
EIB 9½pc 1988	99½	100½
EIB 9½pc 1992	95½	96½
Finance for Ind. 9½pc 1987	95½	96
Fisons 10½pc 1987	100½	101½
INA 10pc 1988	98½	99
Rowntree 10½pc 1988	98½	99
Sears 10½pc 1988	95½	99½
Total Oil 9½pc 1984	95½	99

DM BONDS	Bid	Offer
Austria 6½pc 1985	107	107½
BFCE 7pc 1987	105	105½
Denmark 6½pc 1985	105	105½
EIB 6½pc 1984	106	106½
Grand Met. 7pc 1981	104	104½
Hydro-Quebec 6½pc 1987	103	103½
ICI 6½pc 1987	103½	104½
Montreal 7pc 1987	103½	103½
Norges Gas 7pc 1989	104½	105
Norsk Hydro 6½pc 1989	103	103½
Norway 6½pc 1982	104	104½
Shell 6½pc 1989	102½	103½
Spain 6½pc 1981	100	101½
Sweden 6½pc 1984	105½	106
World Bank 6½pc 1987	104½	105½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 7 15/16pc	99	99½
BFCE 1984 7pc	98½	99
BNP 1983 7pc	99½	100½
CCF 1985 8pc	99½	100
CGMF 1984 7½pc	95½	96½
Creditanstalt 1984 7½pc	99½	99½
Credit Lyonnais 1982 8pc	98½	99½
DG Bank 1982 7 15/16pc	99½	100½
GZB 1981 7½pc	100½	100½
Intl. Westmnstr. '84 7 15/16pc	99½	100½
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1982 8pc	101	101½
Midland 1987 7 11/16pc	98½	99½
OKB 1983 7½pc	99½	100
SNCF 1985 8½pc	98½	98½
Std. and Chtrd. '84 7 11/16pc	99½	99½
Wms. and Glyns '84 8 1/16pc	99½	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	80	82
Ashland 5pc 1988	96½	98½
Babcock & Wilcox 6½pc '97	93½	94½
Beatrice Foods 4½pc 1992	93½	95½
Beatrice Foods 4½pc 1992	104	106
Beecham 6½pc 1992	95½	97½
Borden 5pc 1992	99½	101½
Broadway Hale 4½pc 1987	76	78
Carnation 4pc 1987	75½	77½
Chevron 5pc 1988	117	121
Dart 4½pc 1987	76½	78½
Eastman Kodak 4½pc 1988	78½	80½
Economic Labs 4½pc 1987	76½	77½
Firestone 5pc 1988	78	80
Ford 5pc 1988	82	84
General Electric 4½pc 1987	78½	80½
Gillette 4½pc 1987	74½	76½
Gould 5pc 1987	105½	107½
Gulf and Western 5pc 1988	78	80
Harris 5pc 1992	134	136
Honeywell 6pc 1986	83	85
ICI 6½pc 1983	86½	87½
INA 6pc 1997	90	91½
Inchcape 6½pc 1992	103	104½
ITT 4½pc 1987	75½	77½
Jusco 6pc 1992	101½	102½
Komatsu 7½pc 1990	112½	113½
J. Ray McDermott 4½pc '87	143	145
Matsushita 6½pc 1990	125	126
Mitsui 7½pc 1990	105½	106½
J. P. Morgan 4½pc 1987	91½	93½
Nabisco 5½pc 1988	98	100
Owens Illinois 4½pc 1987	108½	110½
J. C. Penney 4½pc 1987	74	76
Revlon 4½pc 1987	107	109
Reynolds Metals 5pc 1988	81½	83½
Sandvik 6½pc 1988	106½	108½
Sperry Rand 4½pc 1987	89½	91½
Squibb 4½pc 1987	77	79
Texaco 4½pc 1988	76	78
Toshiba 6½pc 1992	103	104
Union Carbide 4½pc 1982	90	92
Warner Lambert 4½pc 1987	78	80
Warner Lambert 4½pc 1988	73	75
Xerox 5pc 1988	75½	77½

Source: Kidder, Peabody Securities.

[M]acmillan Bloedel taking [ov]er French pulpmaker

[BY HEN]RY MAUTHNER — PARIS, Feb. 23.

[MACMILLA]N Bloedel, the [Canadian] paper-and-pulp group, [is] negotiating a com[plex de]al under which it [would take] management control [of the Fren]ch Groupement Euro[péen de la] Cellulose in return [for a redu]ction of its stake in [the] holding company.

[The dea]l is part of the [governmen]t-sponsored efforts to [restructure] the ailing French [pulp] sector, and will [hav]e to be approved by the [authorities]. Whether this will [come about] is not yet [clear], but an announce[ment is exp]ected to be made next [week when] the companies con[cerned hav]e the final details [work]ed up.

[Macmilla]n Bloedel currently [has a 40 p]er cent stake in Cellu[lose d'Aqu]itaine, the holding [company o]f GEC, which is a French-type of indus[trial associ]ation known as an ["economic] interest grouping," [an] umbrella company [for] the operations of Cellulose d'Aquitaine, Cellulose de Strasbourg, Cellulose d'Alizay, and Cellulose des Ardennes of Belgium, and four timber companies controlled by Cellulose d'Aquitaine.

The state Institute of Industrial Development (IDI) and another economic interest grouping, Safeeo (49 per cent.), which groups 15 French paper-making companies, also have stakes in Cellulose d'Aquitaine.

The deal foresees a raising of Cellulose d'Aquitaine's present capital of Frs.32m. (about $6.2m.) by Frs.60m. to be subscribed in different proportions by the shareholders. As a result, Macmillan-Bloedel, though it would gain management control of GEC, would accept a reduction of its financial participation in the holding company from 40 to 35 per cent.

Robert Gibbens writes from Montreal: MacMillan Bloedel is believed ready to take over the management in the loss-making French company but only on condition it can sell its interest later.

The investment was made originally in 1974.

In the past two years, Macmillan, which is Canada's largest forest products company, has been concentrating on improving its own profitability, building up its domestic base, improving management and reducing foreign commitments. In the high-profit days of the 1960s and early 1970s the company moved into several foreign investments. But in 1975 it became loss-making for the first time because of the recession and heavy losses on shipping.

Calvert Knudsen was brought in as President from Weyerhaeuser of the U.S. and he said recently: "Our focus to-day is strictly on the bottom line."

In the first nine months of 1977, Macmillan earned $15.9m. Canadian, or 65 cents a share on revenues of $1.2bn., against $13.4m. or 63 cents on volume of $1.1bn. a year earlier. The company provided $22.3m. as a reserve against possible write-offs of its investment in the French pulp firm.

[Fu]rther losses from Saga

[BY FAY GJE]STER — OSLO, Feb. 23.

[SAGA PET]ROLEUM, the Nor[wegian c]onsortium backed by [some o]f Norway's leading [in]dustrial and financial [groups, re]ports a deficit in its accounts for 1977 ($23.2m.).

[The loss] includes all explora[tion costs i]ncurred during the [year on Sa]ga's part of the 1977 [... S]aga Petrokjemi, its [petrochemic]als subsidiary, in [which it has] a 52 per cent. stake. [The] losses bring the [acc]umulated deficit since [its formation] in 1972 to Kr.508m. [Explorin]g costs last year [were K]r.39.9m., compared [with Kr. ...]m. in 1976, and [... prospecting costs since the] group was formed [total] Kr.291m. of the [accumulated] deficit. Of this [... Kr.]96m. has been spent [wh]ere petroleum finds [have been m]ade.

[Since] the investment and [development] phase, Saga cannot [m]ove into the black [until some] of its investments [begin to p]ay off— which is [expected to b]e early in the 1980s. [Saga Petrole]um has a stake of [... per cen]t. in the Norwegian part of the Stratfjord oil and gas field (1.67 per cent. of the field as a whole), and the annual report says that, despite delays and cost overruns, the field—now expected to begin production late in 1979—still appears to be a good economic project which will be of great importance for Saga's further development.

Saga also has a 3.386 per cent. stake in the Heimdal gas fields in Norway's sector, and a 2 per cent. stake in the U.K. Braefield. For both fields, development is being studied but has not yet been definitely decided on. The Norwegian government recently recommended, subject to parliamentary approval, that the group should be given a 5 per cent. stake in block 34/10, the most promising of 16 new North Sea blocks which the government intends to open up for oil and gas prospecting.

Saga Petrokjemi, the petrochemicals subsidiary, had a Kr.60.7m. deficit last year. It is a partner with Norsk Hydro and Statoil in the new petrochemicals complex being built at Rafnes, eastern Norway. Cost overruns, construction hold-ups, and delays in feedstock supplies at the complex contributed to last year's deficit. They have also forced the company to raise its estimates of future capital needs. It now plans to seek additional loan capital and to restructure existing debts. An increase in equity capital is also foreseen.

Fagersta in the red

IN THE preliminary report for 1977, Fagersta, the Swedish special steel and rock drilling equipment manufacturer, shows a loss of Kr.70m. ($15m.) compared with pre-tax earnings of Kr.41m. in 1976, writes John Walker from Stockholm.

The company's turnover for 1977 rose by Kr.135m. to a total of Kr.1.3bn. ($0.3bn.). The result does not include the profits of Fagersta's minority holding in the SECO Tools Company which amounted to Kr.15m.

The loss is slightly larger than forecast in the interim report last year.

The Board recommends that the dividend should be Kr.4 per share, half the amount paid last year.

[... re]duces

[...]ra-based company [Société Gene]voise d'Instruments [de Physique] (SIP) records a [... in] its annual net loss [of Sw.Frs.]2.9m. and Sw.Frs. [... in the] two previous years [...]000 ($52,000) in [... Turno]ver rose to Sw.Frs. [...m. (...]m.) for the year, as [against] Sw.Frs.50.5m. in [1976 and Sw.]Frs.46.5m. in 1975. [... I]t will again be [...]

* * *

[... Consolidate]d group sales of [the fo]od processing firm [... H]eb, Rorschach, rose [t]o Sw.Frs.149m. [a]gainst Sw.Frs.146m. [... S]hareholders contain[... tot]al turnover figures [... per cent. fall in the [di]rect sales by the [... compa]ny, to Sw.Frs.67.8m. [(...m.)].

Georg Fischer improving

BY JOHN WICKS — ZURICH, Feb. 23.

GROUP turnover of the Swiss engineering concern Georg Fischer reached SwFrs1.4bn. ($0.8bn.) last year, compared with SwFrs1.34bn. in 1976, while the volume of new orders improved by 10 per cent. and the total order-book value by 12 per cent.

According to the prospectus to a SwFrs50m. bond issue by parent company Georg Fischer AG, of Schaffhausen, group profits went up in 1977 despite a continuation of the unfavourable economic conditions.

In view of the concern's good market position and "intensive cost control," Georg Fischer hopes to repeat the 1977 results this year. A further rise in group turnover is anticipated, given unchanged exchange rates, even though no major recovery is anticipated in international markets and the export potential of Swiss-based works is becoming increasingly impeded.

The casting and plastic products sectors are seen as profiting particularly from an expansion in sales, while uncertainty exist in the field of machinery and plant operations.

* * *

RETAIL turnover of the Swiss discount chain Denner AG, of Zurich, totalled Sw.Frs.708.1m. ($366.9m.) last year, or slightly more than the Sw.Frs.704.8m. booked for 1976. With an expansion of the chain of shops from 138 to 146, this meant that turnover per outlet dropped by some 5 per cent. over the year.

Gross profits were also lower at Sw.Frs.12.1m. (Sw.Frs.14.6m.), and net profits at Sw.Frs.6.3m. ($3.4m.) against Sw.Frs.9.3m.

Sharp fall at Abercom Investments

Financial Times Reporter

A SHARP decline in profits and a reduced dividend are announced by Abercom Investments, the South African conglomerate which earlier this year found itself at the centre of a major Boardroom reshuffle.

Profits before tax for the first half of 1977-78 are more than two-fifths lower at R3.49m. ($4m.) while earnings per share have dropped to 18 cents from 27.9 cents, a decline of 35 per cent. The interim dividend is reduced by 2 to 8 cents a share.

Business conditions during the first six months were "as difficult as expected." The Consani companies and the Spring manufacturing group had a bad first half. The reorganisation of the Spring group is well under way, and should produce improved results over the next few months. In the Consani companies, more aggressive tendering has already partially restored the balance of order books and workload, and the forward outlook is better all round.

By contrast, Airtec Davidson, Vaal Metals and Alkuaff have produced excellent profits, and the results from Rhodesia were outstanding in view of the prevailing circumstances. The performances of the remaining companies in the group were reasonable.

Although a better level of earnings is anticipated during the second half, economic conditions remain very tough.

Ellerine boost for Tedelex

By Richard Rolfe

JOHANNESBURG, Feb 23.

TELEVISION and Electrical Holdings (Tedelex), which holds Blaaupunkt and Sony franchises in South Africa and is a market leader in the television sector, has reported profits up from R8.8m. to R11.3m. ($13m.) at the pre-tax level for the 12 months to end-December. After increased tax and a higher proportion of profits attributable to the 50.1 per cent.-owned furniture group, Ellerine, which became a subsidiary during the year, earnings per share fell from 49c to 38c.

The group is switching to a June 30 year-end, and a 10c interim dividend has been declared, with the promise of a further declaration in August "subject to no further general deterioration in the economy."

Ellerine accounted for R9.1m. of Tedelex's R11.3m. profits. Acquired near the end of the television boom, it has provided a vital offset to Tedelex's TV business.

Schweppes slump in Rhodesia

By Tony Hawkins

SALISBURY, Feb. 23.

THE RHODESIAN subsidiary of the Cadbury-Schweppes group—Schweppes Central Africa—to-day announced a 74 per cent. fall in taxed profits which the company attributes to the depressed economic situation in Rhodesia and "extremely tough operating conditions" notwithstanding the operation of U.K. economic sanctions against Rhodesia.

Schweppes completed a major new factory project in mid-1976 and has since embarked upon a programme of modernising its fleet of delivery and trunk vehicles in an effort to restrain distribution costs.

The chairman says that Schweppes should be in a strong position to exploit the growth that should materialise in the event of a successful conclusion to the present political talks.

Schweppes Central Africa has been excluded from the international group's major expansion and development over the past twelve years due to economic sanctions says the Chairman, Mr. Mike Currie, but in the event of a successful settlement—and the lifting of economic sanctions—the Rhodesian company would be able to participate in at least some of this expansion and diversification.

Israeli bonds get cool reception

By L. Daniel

TEL AVIV, Feb. 23.

THE ISRAELI investing public has given a cool initial reception to the new type of Government bond linked both to the U.S. dollar and, to the extent of 80 per cent., to rises in the cost of living index. Only just over one-third, 35m. Israel pounds, out of the total of 100m. Israel pounds offered (£3.2m.) were sold to-day.

The dual linkage means that the buyer can decide at the time of redemption, whether he wants the price then calculated at the dollar rate prevailing at that time, or according to the index. The bonds were offered to-day at par and from to-morrow will be sold at par plus linkage differentials which, however, will be fractional in the first stage.

There was practically no interest in the two other new issues offered to-day, one linked totally to the U.S. dollar and the other linked 80 per cent. to the cost of living index. Each issue consisted of bonds to a face value of 100m. Israel pounds.

Club Mediterranee

PARIS, Feb. 23.

CLUB Mediterranee is planning a one-for-six scrip issue. Consolidated net profit for the year ended October 31, 1977 was Frs.61.82m. against Frs.55.35m. in the previous year. The proposed dividend for the year was Frs 7.30 against Frs 6.39 a share. Reuter

AUSTRALIAN NEWS

Woolworths profit and payout up

BY JAMES FORTH — SYDNEY, Feb. 23.

WOOLWORTH, a major variety and supermarket retailer, has lifted its dividend and is seeking $A13.6m. from shareholders by a rights issue after a solid gain in profit for the year to January 25.

Group profit before tax rose 15.8 per cent., from $A39.6m. to $A46.1m. (US$52.5m.) on sales which increased 20.8 per cent., from $A1,237m. to $A1,495m. (US$1,704m.).

The net result, however was up 23.9 per cent. from $A22.18m. to $A27.33m., largely because of an income tax benefit from investment allowances.

The tax provision rose from $A17.6m. to $A18.7m., after taking into account $A2.5m. for investment allowances, compared with $A904,000 in the previous year. However, this excludes tax relief from an estimated stock valuation adjustment of $A2.28m. (last year $A2.3m.).

A final dividend of 6 cents a share has been declared, lifting the payout from 8.5 cents to 9.5 cents. This is covered by earnings of 20.8 cents a share, against 16.85 cents previously.

Woolworth's chairman, Sir Theo Kelly, said difficult trading conditions prevailed during the year, particularly in the second half.

Food sales were buoyant but margins were affected by severe competiton. The company had managed to maintain its growth in market share and the sales increase of 20.8 per cent. was well ahead of the national retail average of about 12 per cent.

Sir Theo said although the company's financial position was sound, the Board had decided on a rights issue having regard for the continued development already announced. Woolworth is in the middle of a five-year $A600m. expansion programme, which will see the opening of at least 100 new stores.

The issue is on the basis of one new share for every eight held at a price of 85 cents a share. This is a considerable discount on to-day's closing market price of $A1.63 a share.

Acmil plans rights issue

ACMIL, building materials and plastics group, plans to raise $A6.36m. ($US7.3m.) from a rights issue to shareholders after a 5.2 per cent. increase in earnings for the December half year. Profit rose from $A5.07m. to $A5.3m. on a 19.4 per cent. increase in sales to $A118m.

The interim dividend is held at 2.5 cents a share on capital increased recently by a one-for-ten scrip issue.

The latest issue will be on the basis of one new share for every eight held at an issue price of 50 cents. Based on to-day's market price for the shares of 70 cents, the theoretical value of the rights will be about 18 cents. The directors expect to maintain the current dividend rate on the enlarged capital.

Commercial Bank ahead

THE Commercial Bank of Australia lifted profit by a modest 7.8 per cent. in the December half year, but only through a solid performance from its wholly-owned finance company, General Credits.

Earnings from banking operations actually declined from $A4.50m. to $A4.13m., but this was more than compensated for by a 28 per cent. gain by General Credits, from $A5.7m. to $A7.3m. The group profit increased from $A10.67m. to $A11.5m. ($U.S.13.1m.).

The directors mentioned continued pressure on interest and rising costs, along with higher tax and a significant downturn in the New Zealand operations as factors in the poor banking result. Income from banking activities at $A73.1m. dipped below that of non-banking activities at $A74.9m. In the same period of the previous year banking income was $A67.0m., well ahead of the $A55.9m. from non-banking activities. The interim dividend is maintained at 8 cents per share.

Canada slows Rocla growth

ROCLA Industries, the international concrete pipe group, is considering closing down some of its Canadian operations, which are holding back the group result. Profit for the December half year dipped 8 per cent. to $A1.09m. (U.S.$1.2m.) after a 6 per cent. decline in sales to $A27.1m. (U.S.$30.9m.).

Activities in Canada, which showed a slight improvement last year, were hampered by the sluggish economy, and the Board is suspicious of the newly-elected secessionist Party Quebecois. Mr. Allan Gawler, Rocla's managing director, is currently in Canada. The group is unlikely to pull out of Canada entirely, but it is probable that operations may cease in Quebec and Ontario.

JAPANESE NEWS

Eidai deficit estimate increases

BY DOUGLAS RAMSEY — TOKYO, Feb. 23.

SOME 2,300 creditors are anxiously awaiting the verdict to be handed down in the next five days by an Osaka District Court on the fate of Eidai Company. The plywood and prefabricated housing company collapsed on Monday and asked for court protection from its creditors on Y180bn. ($750m.) in group liabilities under Japan's corporate rehabilitation law.

The Eidai parent company's cumulative deficit is thought to be 50 per cent. higher than earlier estimates—at Y36.8bn. instead of Y24bn. Thus, the company had more than a Y18bn. loss in fiscal 1977, indicating a much worse performance than most industry analysts were predicting.

Yesterday, the Tokyo Stock Exchange announced that it will investigate Eidai share deals in the several months preceding Eidai's collapse for evidence of insider trading.

A detailed breakdown of the amounts owed by Eidai Company (not including subsidiaries) to its principal creditors shows that the figures originally supplied by Daiwa Bank, Eidai's main bank, were understated because they did not include contingent liabilities. The total bank borrowing on Eidai's books, therefore, comes to Y90bn. instead of the originally estimated Y70bn. (plus another Y30bn. in bank borrowings by Eidai subsidiaries and affiliates).

Although Daiwa Bank is easily Eidai's biggest creditor, other banks and trading companies face large write-offs too. In particular, Daiwa Bank's total lending to the Eidai parent company is put at Y30.3bn. together with Y6bn. owing from Eidai's 31 subsidiaries and affiliated companies.

The breakdown of the Y90bn. lending by Eidai's five principal bankers is understood to be as follows: Daiwa Bank Y30.3bn.; Bank of Tokyo Y19.3bn.; Mitsubishi Trust Y10.7bn.; Fuji Bank Y7.8bn.; and Daichi Kangyo Bank (DKB) Y7.1bn. Smaller banks account for the remaining Y15bn. or so bank debt.

Among Eidai's non-bank creditors, however, are several large trading companies. Mitsubishi Corporation is owed a total Y2.6bn. from Eidai Company itself. Sumitomo is owed Y1.9bn., Nissho-Iwai is owed Y1.2bn., and Toyo Menka (itself an ailing company) has Y500m. outstanding from Eidai.

If the Osaka District Court does as expected, and affords Eidai Company court protection from its creditors over several years, its five principal bankers will have to sort out what its real assets and liabilities are. Officially, Daiwa Bank puts Eidai's parent company liabilities at Y130bn. Besides this amount, Eidai subsidiaries and affiliates owe a further Y50bn. (though not all companies covered by this have applied for court protection).

The sums, however, do not include liabilities of companies which may not have a capital tie-up with Eidai but which nevertheless depend on Eidai for a critical share of their sales. Nor does it include creditors which may be forced into bankruptcy before Eidai can make good its debts. So the Y180bn. figure for liabilities in the Eidai collapse is an absolute minimum.

Japan Metals suspended on loss

BY YOKO SHIBATA — TOKYO, Feb. 23.

JAPAN METALS and Chemical Corporation, Japan's foremost ferroalloy producer, reported a current account deficit of Y362m. ($1.5m.) for the fiscal year 1977, ended in December, a sharp decrease from the Y1.06bn. profit recorded in the previous year.

In the light of the performance, trading in the company's stock was suspended yesterday by the Tokyo Stock Exchange, though dealing was expected to be resumed to-day.

The marked deterioration was blamed on a sharp fall of ferro-alloy exports resulting from the yen appreciation and production curtailment of blister steel. Sales were Y77.77bn., down 11.3 per cent.

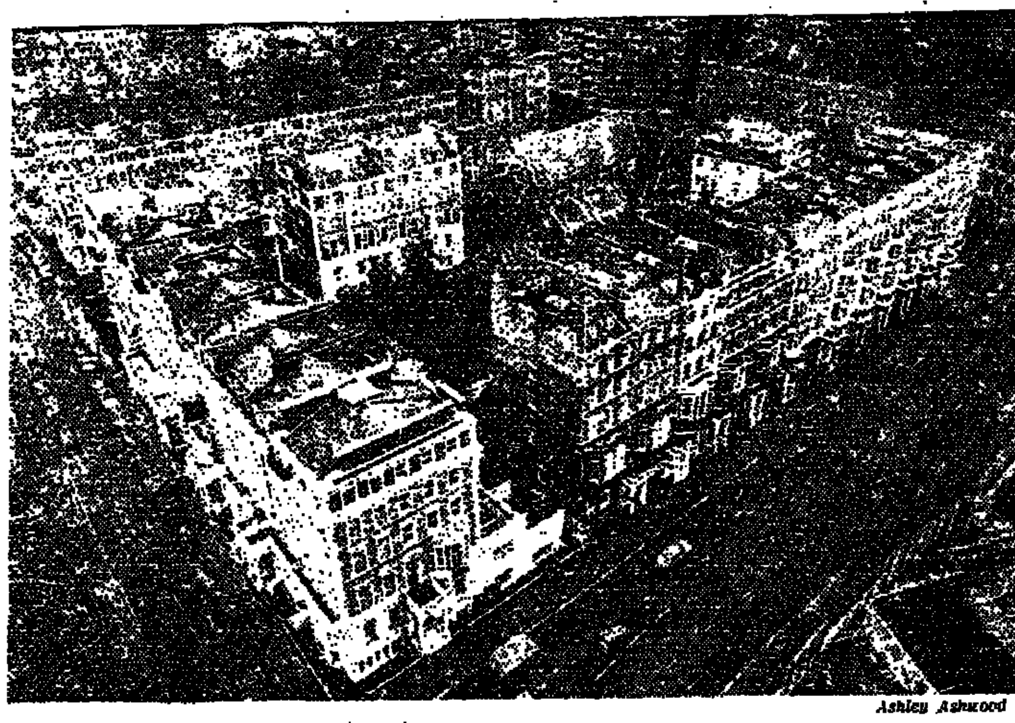
However, the company showed net profits of Y254m. (Y518m. in 1976).

They see no sign of recovery for the current fiscal year, the company suspended dividend payment (Y5 in the previous term).

The Property Market

BY JOHN BRENNAN

Regional—behind the scenes



St. Stephen's Precinct, focus of a mass of litigation. Ashley Ashwood

Events leading to the purchase, valuation and subsequent establishment of losses on one of Regional Properties' development sites provide shareholders with a rare glimpse behind the scenes of the property world.

Regional's approach to this site also provides an insight into the problems facing a company which has to balance commercial expediency against shareholders' right to know.

The site is St. Stephen's Precinct, two acres of housing, hotels, and converted offices on the Cromwell Road in the Royal Borough of Kensington and Chelsea.

St. Stephen's Precinct was assembled in the 1960s, by a private property developer, Mr. Edward Pineles. Mr Pineles discussed the comprehensive redevelopment of the site with the local planning authority. But by 1973 no concrete proposals for redevelopment had been hammered out and Mr. Pineles decided to offer the site for sale by tender.

In April, 1973 Mr. Pineles asked Michael Laurie and Partners and Jones Lang Wootton to invite tenders for the sale of the site from a number of property companies. Around 60 companies were approached, and Regional emerged as the purchaser.

At the time of the tender in a letter dated April 26, 1973, Mr. Neville Conrad, Regional's chief executive, write to Mr. Sidney Kaye, the architect who had drawn up provisional redevelopment plans for Mr. Pineles, saying that "I intend to make a very bullish attempt to acquire here."

Mr. Conrad's "bullish attempt" resulted in Regional outbidding the competition by a spectacular margin. The £9.5m. eventually paid was £3.5m. more than the nearest tender, from the First St George Investment Trust, and £2.5m more than an earlier offer from Raglan Property Trust.

Mr. Conrad later explained the purchase in a circular to shareholders on August 10, 1973. The circular announced the purchase of "this outstanding freehold site" and Regional published a comment on the value of this acquisition by Jones Lang Wootton.

In a letter to JLW on June 12, 1973, Mr. Conrad confirmed that the firm would be able to submit a comment on the value of the site despite its earlier association with the sale. The Stock Exchange merely asked that the *Certificate be signed by a partner* not connected with the tender.

Jones Lang Wootton wrote that, on the information it had, and "subject to planning permission being obtained, the consideration paid by your company for the freehold interest in these properties is reasonable."

What shareholders were not told was the quality of the information available to JLW or the prospects of receiving that all important planning permission.

Just who misled who at the time of the purchase and its announcement remains to be decided in court, for a tangled web of litigation has been woven around the St. Stephen's purchase.

St. Stephen's has spawned three legal actions to date. First, Mr Charles Hudson, former chief planning officer at Kensington, has been charged under sections of the Public Bodies Corrupt Practices Act of 1889. Secondly, Mr. Conrad has sued Mr. Pineles, Mr. Hudson, Kensington Council, Michael Laurie, and a Michael Laurie partner claiming "damages due to fraud and/or conspiracy to defraud . ." Finally, Mr Pineles has sued Mr. Conrad for libel.

Despite the legal confusion shareholders willing to delve in Companies House have been able to work out the cost of the St. Stephen's deal by studying the subsidiary accounts of Regional.

In March 1976 the site, and the bulk of the group's development properties, were professionally revalued on an open market, existing use basis. At this time St. Stephen's was finally written down to just £864,000 after a £2.044m. transfer of properties to the holding company. Outgoings less income added £3.57m. to the £9.5m. purchase cost, making the overall loss around £10m. excluding any subsequent losses on the transferred properties.

Part disposals of the site may have since retrieved part of the cost. But the part sales also eliminate any possibility of a comprehensive redevelopment by Regional, and firmly establish the massive fall in value from the "outstanding" development of 1973.

The rest of the "£45m. development programme" announced by Regional in 1973 has fared little better. Subsidiary accounts show that the group's £3.3m. site in Clements Lane, E.C.4. cost around £4.3m. overall by March 1976. It was written down to £1.6m. in that year and has since been sold for around that figure. The loss here is increased by recent refurbishment costs, and could now total £2.8m. or so. The group's £1.6m. scheme at Clapham Junction, S.W.11, cost an overall £2.4m. by 1976, and was then valued at £504,750, a £1.9m. loss.

Regional's "Project Great Western" site in Ealing cost £4.5m. Accumulated interest charges less income pushed the overall cost to £6.5m. by March, 1976. But here the directors have adopted a different valuation basis, as the site is still held for development. The directors have used the unusual valuation basis of properties with "development potential discounted for an appropriate time in which to secure a lessee." On that basis Ealing is valued at £3.5m. All the other major development sites are now held for resale and have been valued on an open-market, existing-use basis since 1976.

The dynamic expansion directed by Mr. Conrad in 1972-73 has cost Regional dear. The £50m. company he joined in 1972 with plans for "an aggressive development programme" reported shareholders capital and reserves of just £18.3m. less than six years later. It could be argued that the unfortunate timing that left Regional—along with many others in the property sector—with increasingly expensive debts and undevelopable sites, is now part of the history of the property crash.

But one aspect of that history *has not previously been written,* and it throws an interesting light on Regional's management style.

This concerns the commissioning of a valuation of the St. Stephen's site, from Jones Lang Wootton and Chestertons in the autumn of 1974. The results of this work were never published.

In Regional's annual accounts for the year ended March 31, 1974, published in September, Mr. Conrad told shareholders that "The Board does not consider it appropriate to seek a professional valuation of development sites until such time as planning permission is obtained." The Cromwell Road site (St. Stephen's) was singled out for "a provision of £2.5m. against the reduction in value of this site arising from the present uncertainties surrounding development projects of this size . . ."

But on September 24, 1974, Mr. Conrad wrote to Mr. Samuel Levy at Jones Lang Wootton saying that although St. Stephen's "is in the long term a development site and was purchased as such I see no reason why the existing properties could not be chargeable security for mortgage purposes based on their existing use value." He continued, "I realise this will be a most bearish valuation and this will be perfectly acceptable."

On October 2, 1974 Mr. Conrad confirmed instructions for JLW to value St. Stephen's "on the basis of existing use value for mortgage purposes as between willing vendor and purchaser. It should" Mr. Conrad wrote "be emphasised in the valuation that no account has been taken of any development potential, although at the same time, it could be pointed out—assuming you agree—that there clearly is some development potential . . ." JLW, and Chestertons (who were to value the residential property on site) were to share a fee of £7,000.

Mr. Conrad wrote to JLW in the following weeks pointing out comparable office rents in the *area, and potential "good estate* management benefits." But an informal meeting showed that the site valuation was working out to a less than grand total of £1.729m., nearly £8m. less than its 1973 cost, excluding subsequent interest charges. Chestertons' eventual valuation showed a figure of £1.323m. for the residential and hotel properties. *JLW's schedule of the commer*cial properties amounted to £592,000, an overall total of over £2m.

Regional decided not to proceed with a formal val[uation]. As Mr. Conrad explained [in a] letter to Mr. Jeremy Wa[...] JLW on December 2, 19[74] regret that the climate [is such] as to prevent us going ahe[ad with] this valuation formally."

JLW and Chestertons [accepted] a revised fee of £4,000, [and the] agents' work was never [...] as a formal valuatio[n by] Regional.

No mention was made [of the] surveyors' efforts in Re[gional's] 1974-75 accounts.

Directors are not obli[ged to] tell shareholders of c[ommis]sioned valuations, no[r are] surveyors, acting as profe[ssional] advisers to a company, [in a] position to broadcast [the] results.

But in the accounts to [the end] of March 1975 Regional [...] showing a directors' va[luation] of St. Stephen's. This va[luation] gave the properties a £[...] book value on the [...] applicable between a [willing] buyer and a willing seller [...] was over £3m. less the [...] previous year's value ex[cluding] interest charges, but [...] £1.3m. higher than the [...] suggested by JLW and C[hester]tons just a few months [...]

Mr. Conrad explained [...] day that, in 1975, Region[al] held the St. Stephen's [...] development. The "p[...] would, therefore, have appeared in the group's ac[counts] valued on that basis, and [...] the existing use basis o[f JLW's] and Chesterton's calculati[ons was in] line with general [...] industry practice. Region[al did] *not publish individual p[roperty]* valuations.

Regional's decision [not to] proceed with the [...] valuation may well ha[ve been] justified by Mr. Conrad['s view] that "the climate was [not right for] formal publication.

Regional's story may h[elp] add to the pressure for formal obligations for disclosure by property co[mpanies] in future.

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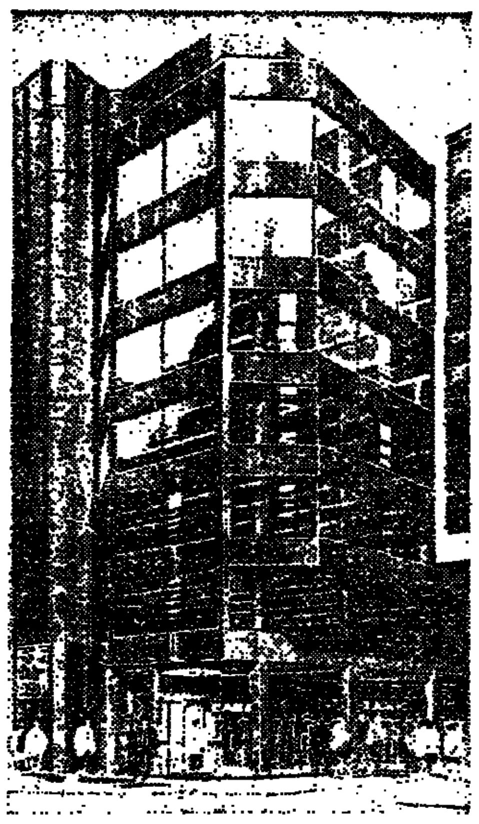

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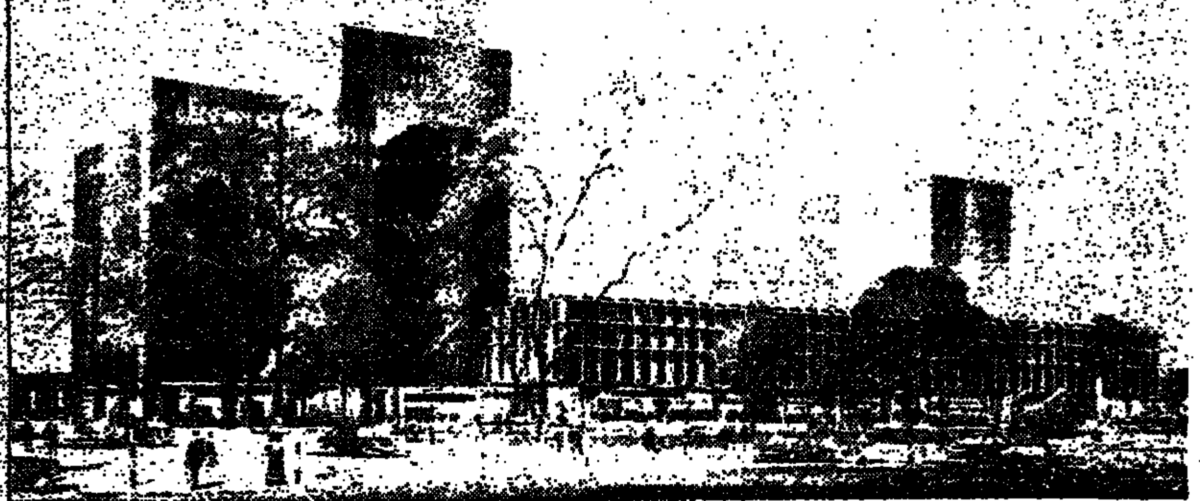

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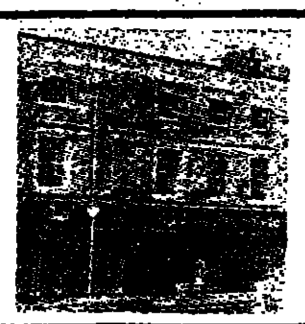

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The letting, by Weatherall Green and Smith's Paris office, half fills the giant 640,000 square foot office tower, which has stood empty since its completion early in 1976. A rent of between 450 and 500 French Francs per square metre reflects an element of discount for the size of the letting. The agents had been holding out for a rent of over 500 Francs, which is the asking rent for the remaining space.

The tower was devel[...] the French construction [...] Cogedim and sold to [...] of Kuwait's Ministry of [...] two years ago for aroun[...] Its letting reduces the [...] of uniet office space in [...] Defense region to around [...] square feet.

•

HILLIER Parker Ma[y &] Rowden have notched [...] fourth town centre re[develop]ment scheme since Decem[ber] negotiating on behalf [...] Wycombe District Counc[il] Tesco store in High Wy[combe] Newlands Street. Tesco [...] by Edward Erdman [...] £2.5m 99,623 square foo[t] ment store next to the [...] existing Octagon S[hopping] Centre. Work on the sit[e] to start towards the end [...] year, and the store sh[ould be] trading early in 1980.

Farmland tops £1,000 an acre

Farmland prices in Britain reached record levels last year, and a great deal of land changed hands at prices well above that justified by its agricultural potential. These points emerge from the latest edition of Farmland Market, published to-day.

The twice yearly review of farmland prices is published jointly by Farmers Weekly and Estates Gazette in conjunction with Oxford University's Institute of Agricultural Economics.

The February edition reports that average farmland prices rose by 9 per cent over the [...] months of 1977, from [...] breach the £1,000 an ac[re] for the first time at [...] Prices average £1,022 [...] over the whole year, a [...] cent increase on 1976's.

The report notes a co[ntinuing] challenge to the inst[itutions'] buying power from est[ablished] farmers. Competition [among] farmers for land adja[cent to] their existing holdings [is seen] as a key factor behind [...] prices that run beyo[nd the] rational value of land i[n terms] of its potential agr[icultural] return.

FARM PRICES IN ENGLAND AND WAL[ES]
25 acres and over, sold at auction with possession

	1974	1975	1976	1977 (Whole Year)	[...] (Inte[rim])
SIZE GROUP ACRES	£	£	£	£	
25-49	989	856	1,036	1,142	[illegible]
50-99	707	626	816	1,076	[illegible]
100-149	604	543	751	958	[illegible]
150-199	634	472	741	981	[illegible]
200-249	573	486	675	902	[illegible]
250-349	541	431	651	1,024	[illegible]
350 and over	518	442	700	940	705
REGION					
North	645	571	840	1,084	844
Wales	462	492	597	739	539
West Midland	766	655	976	1,146	939
East Midland	654	575	784	1,058	894
East	848	680	850	1,127	902
South-West	764	595	711	972	804
South-East	715	550	779	1,097	794
ALL FARMS	682	600	795	1,022	811

Source: [...]

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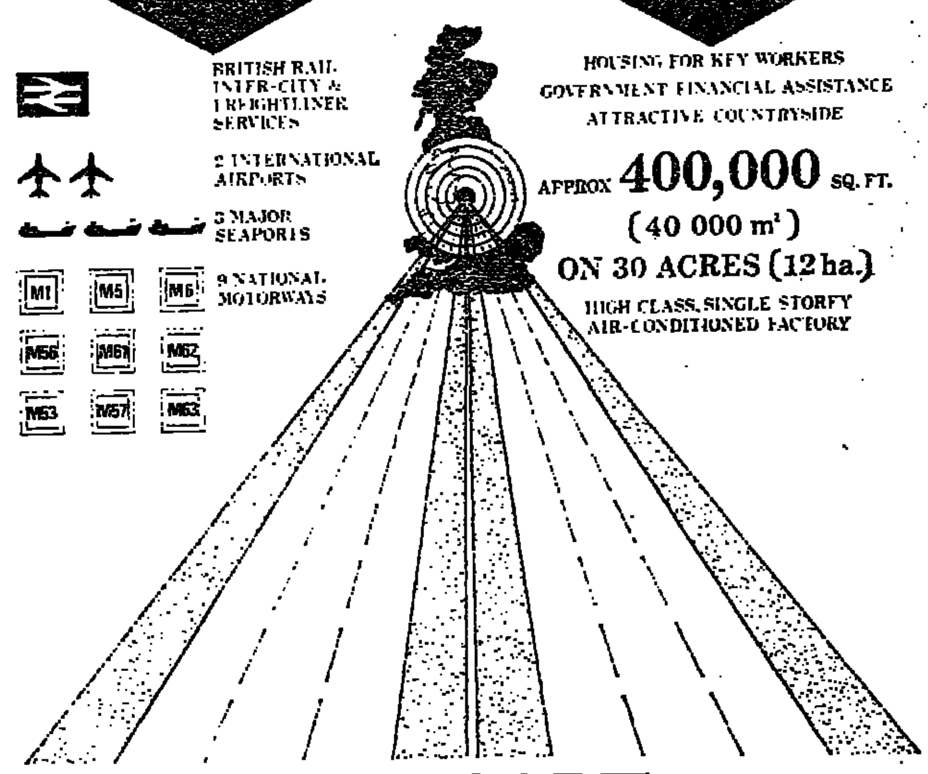

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OFFSHORE GAS REVIEW — BY RAY DAFTER

Reserving judgment on the pricing controversy

THE LATEST series of hearings by the Commons Select Committee on Nationalised Industries have done much to lay bare the rift which now exists between the state energy industries over the relative price of fuels.

At first sight it might look as if Sir Denis Rooke, chairman of British Gas, would be sitting pretty. His undertaking is profitable (even more so this year); it has completed the programme of conversion from town to natural gas; rising North Sea supplies are enabling domestic gas sales to be boosted; and the contracts negotiated with oil companies over the past decade mean that gas can be sold at a competitive price. But it is for these very reasons—essentially the last two—that Sir Denis finds himself having to adopt an uncomfortable posture, buffeted on each side by the heads of the coal and electricity industries.

The row flared up again on Wednesday when Mr. Glyn England, chairman of the Central Electricity Generating Board, told the Select Committee that present gas prices did not reflect costs to be incurred in future gas production and that they should be brought more in line with electricity prices.

Price is rising

Leaders of the electricity industry maintain that the cost of producing gas is about 1.9p a therm while the cost of producing electricity is nearer 8p a therm.

The Gas Corporation has retorted that the average price of gas delivered to its terminals (that includes transmission costs) is higher. What is more the price is rising. It is possible that the average price will be nearer 6p a therm in three year's time as supplies from the northerly Frigg Field build up. The exploration and development costs of Frigg—an estimated $3bn.—has dictated a comparatively high price by past North Sea standards.

It is thought that British Gas might be paying some 10p a therm for Frigg gas. The exact price is a commercial secret, complicated by the fact that Frigg straddles the U.K./Norwegian median line. It is known the Gas Corporation pays more for supplies from the Norwegian side than it does from the smaller U.K. portion of the field. Even so Frigg gas taken as a whole is costing three to four times the amount being paid for supplies from fields in the southern sector of the North Sea. Here too the costs are rising. The Gas Corporation is conceding higher prices in the southern sector, largely on the basis that it wants to provide an incentive for oil companies to be more flexible in their production programmes.

With this in mind Shell and Amoco are to spend £100m. on new production facilities which should extend the life of two southern gas fields, Leman and Indefatigable. The aim is to provide a higher flow rate of gas during the winter peak periods of fuel demand and to *allow output to be held back* during the summer months. This flexibility is important as British Gas will find it increasingly difficult to match the rate of supplies from northerly fields to the variable rate of consumption. One reason is that operators of an expensive field like Frigg want to recover costs as quickly as possible; another is that licensees on fields which will yield gas in association with oil (such as Brent and Piper) will have to gear the rate of gas production to that of crude oil.

This leads us to the heart of the pricing controversy. So much depends on future sources of supply. If these supplies look like being severely limited, forcing British Gas into the manufacture of substitute natural gas sooner than forecast, then the coal and electricity industries might have a point. On this basis there could be a case for re-assessing both the marketing and pricing policies of the Gas Corporation.

On the other hand, if offshore suppliers are assured into the next century—as British Gas maintains—then there can be little justification for imposing a strict depletion policy or for arbitrarily raising prices in order to make coal prices less uncompetitive.

The truth is that no-one is certain how much natural gas lies off U.K. shores. That is why Mr. Anthony Wedgwood Benn, Energy Secretary, has ordered fresh research into potential reserves. The Department of Energy has made the assumption that some 55 trillion (million, million) cubic feet of gas remains to be exploited in U.K. waters. British Gas puts the figure at nearer 70 trillion cubic feet. Mr. Wedgwood Benn has accepted that his departmental estimates might be understated.

The Government's new Green Paper on Energy Policy is far from dogmatic. Proven gas reserves are put at 28.6 trillion cubic feet and probable reserves are thought to be 9.6 tcf. Future discoveries, says the report, could lie within a range of 10 tcf to as much as 50 tcf, with "perhaps a one-in-ten chance of the higher figure being reached."

Major force

Only a continued drilling programme can provide the answers. British Gas is determined to remain a major force in future exploration—indeed, it may need to be if Lord Kearton, chairman of the British National Oil Corporation, is correct in his theory that as time goes by U.S.-based oil groups will desert the North Sea.

The Gas Corporation has an exploration and production staff of around 55, some 35 of whom are graduates. Sir Denis would like to employ two or three times that number of graduates but his recruiting drive is frustrated by pay restraint for the nationalised industry.

Sir Denis is finding it difficult to compete for staff not only against the private sector but also BNOC which is largely free of public sector pay restrictions. This raises the question of whether Britain needs two state exploration and production groups. The National Coal Board's offshore team was absorbed into the BNOC while British Gas fought hard and successfully to remain independent. The Gas Corporation takes the view that it is essential to have more than one viewpoint. Not only that; it has a record of successful exploration.

The Corporation has an equity interest in a number of oil and gas fields including Beryl (10 per cent.), Montrose (30.8 per cent.), Hutton (10.3 per cent.), North West Hutton (25.8 per cent.), Rough (30.8 per cent.), Indefatigable (19.3 per cent.), Leman Bank (14.8 per cent.) and Viking (0.6 per cent.).

However, much of its current interest is focussed on two discoveries in which it is the operator. In the Irish Sea its subsidiary, Hydrocarbons Great Britain, continues to appraise what could be one of the most significant gas discoveries off British shores. Unofficial reports suggest that reserves in this, the Morecambe Gas Field, could be in excess of 5 trillion cubic feet. This would rank the field somewhere between Indefatigable and the 7.1 trillion cubic feet Leman Bank discoveries.

Morecambe's commercial potential is still not known; indeed at least two more wells will have to be completed (one on the northern flank of the long structure, now being drilled, and one in the centre) before the Corporation has a reasonable idea of the reserves.

The geology of the field is complicated; the structure is faulted and shallow. Nevertheless, Hydrocarbons apparently read the signs correctly for the latest completed well (110/3-3). The tests showed that the well is capable of producing at a rate of around 40m. cubic feet a day.

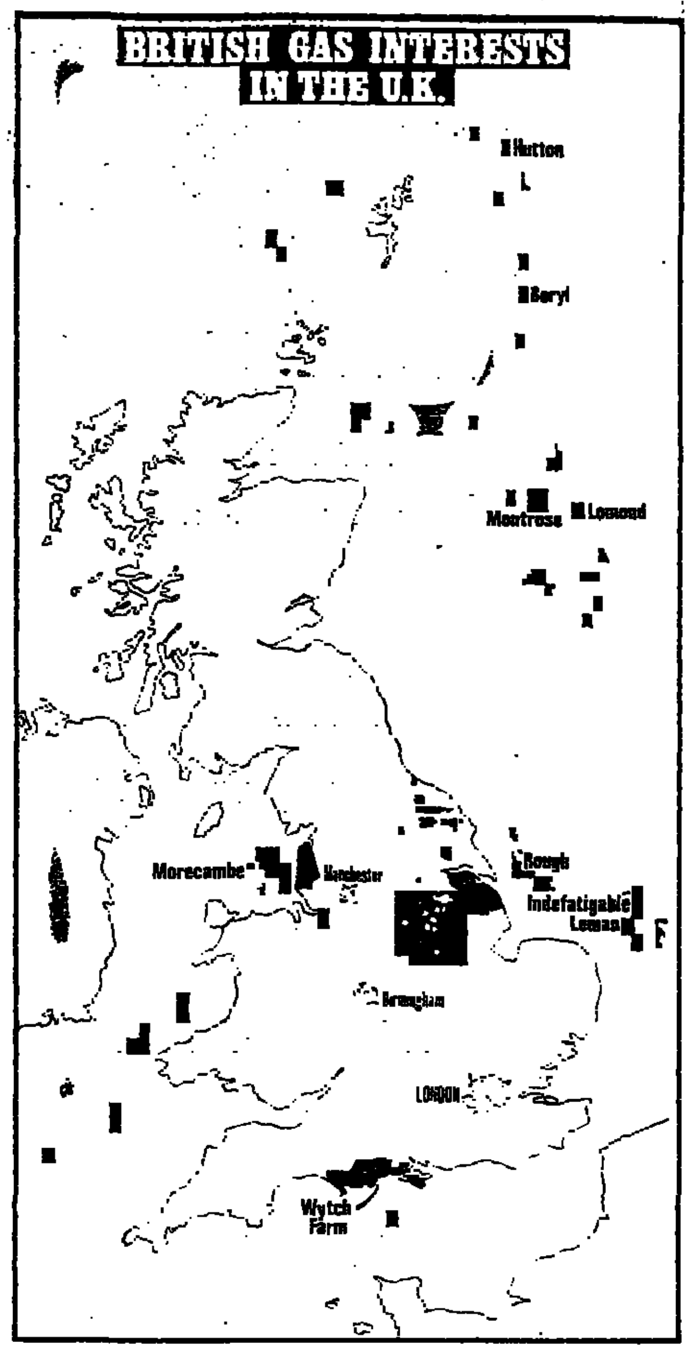
Morecambe is significant for at least three reasons. Firstly, it appears to be big. Secondly, it is owned entirely by Hydrocarbons so that British Gas can exploit the field in any way it wants. Thirdly, it was found in an area previously written off by the Gulf/National Coal Board consortium.

In a similar way British Gas found the sizeable onshore oil field at Wytch Farm, Dorset, in spite of some initial reservations by its partner British Petroleum. The field could contain at least 50m. barrels and be capable of yielding perhaps 10,000 barrels a day.

These figures must be regarded as speculative at this stage however. They depend on a new reservoir, found beneath the original one, being evaluated and verified. So far the lower oil-bearing section has not been subjected to flow tests. But, once again, the signs are encouraging.

The discovery of oil at the lower level resulted from a classic piece of detection work by senior geologists. Now the Corporation is preparing to apply for further production licences in the area. Offshore the Corporation intends to seek another batch of licences in the sixth round; it may also be granted some special licences of its own outside the normal licensing rounds. So far it has always applied for more concessions than it has been awarded; indeed it is still smarting from the fact that a number of joint applications with Amoco in the fifth round fell by the wayside because of a state participation row between Amoco and the Department of Energy.

Sir Denis believes it is important for British Gas to be involved in all the major areas of U.K. exploration. He needs the evidence of successful exploration to support his confidence of adequate gas supplies lasting well beyond the turn of the century. "If you are in the exploration business you have to travel hopefully," he commented this week.



APPOINTMENTS

Geo. Bassett Holdings chairman change

Mr. W. R. Mills, vice-chairman and group managing director of GEO. BASSETT HOLDINGS, is to become chairman after the annual meeting in August. He will take over from Mr. D. Cordon Johnson, who is retiring as chairman and from the Board. Mr. Mills will be succeeded by Mr. J. Gratwick as vice-chairman and by Mr. C. J. Ede as group managing director. Mr. Gratwick was at one time managing director of Urwick Orr and Partners and Mr. Ede is at present managing director of Drakes Sweets Marketing.

★

Mr. L. A. Carpenter, chairman of IPC MAGAZINES, states that he is giving up the chairmanship of the division at the end of March because of increasing commitments. He remains chairman and chief executive of IPC Ltd. Mr. E. G. Court succeeds him as chairman and chief executive of the magazine division. He also becomes chairman of the general magazines group and continues as chairman of the women's magazines group. Mr. R. Phillips will become deputy chairman of the division and remains responsible for the supervision of printing arrangements and paper contracts for the division.

★

Mr. J. C. R. Taverner, a director of HILL THOMSON AND COMPANY, a subsidiary of the Glenlivet distillers, has resigned. His resignation is said to have been for "personal reasons." A spokesman for Glenlivet stressed that the move was entirely unrelated to the recent acquisition of Glenlivet by the Canadian drinks group, Seagram.

★

Mr. William Gilbert is to become TV sales director of EMI FILMS and will take up his new position on April 3. He joins EMI from Rank Film Distributors, where he was assistant managing director.

★

Mr. Thomas Carlile has been elected deputy chairman of BABCOCK AND WILCOX and continues as group managing director.

★

Mr. Derek Ditchburn has been appointed chief executive on the Board of HALMANCO, a subsidiary of Halfords.

★

Mr. Percy Fishman has been appointed vice chairman of LIDEN HOLDINGS. He is at present managing director of Arnhem Timber, a member of the group.

★

Mr. Geoffrey Bowden has been appointed a director and general manager of the Cwmbran plant of SIEBE GORMAN AND CO. He was previously managing director of Bowcom Electronics.

★

Mr. M. D. Snoxall has been appointed chairman of the STANDING COMMITTEE ON TRADE MARKS at the Department of Trade. Mr. Snoxall, who formerly represented the Law Society, succeeds Mr. Douglas E. Parker. Mr. P. Egerton-Vernon has joined the Committee to represent the Law Society. Mr. Snoxall is head of the legal services of Unilever.

★

Brigadier J. Lapper is to be director of medical policy and plans, MINISTRY OF DEFENCE, in the rank of Major-General. This is a new appointment.

★

Mr. Geoffrey Hawkings, chairman of Stone-Platt Industries and of the Chloride Group, has been elected president of the ENGINEERING EMPLOYERS' FEDERATION. Mr. Antony Hampton has succeeded Mr. Hawkings as first deputy president of EEF.

★

Northern Engineering Industries has formed NEI Projects with Mr. Duncan McDonald (group managing director of NEI) as its chairman. Other members of the Board of the new concern are Mr. M. C. Coote, Mr. D. R. Thomson and Mr. G. G. Towers. NEI Projects will control two specialist sectors: NEI Power Engineering (Parolle), Mr. Coote, chairman, and Mr. Thomson, managing director; and NEI Projects (Process Engineering), Mr. Towers, managing director.

★

Mr. Terence C. Bull has been appointed sales director of F. W. TALBOT AND CO.

★

Mr. J. R. Nutter has been appointed managing director of BIRCHWOOD CONCRETE PRODUCTS, a member of the French Kier Group.

★

Mr. Frank W. J. Randall has been appointed managing director of Glenfield and Kennedy (Valves) and the company name has been changed to NEPTUNE GLENFIELD.

★

Mr. P. Geoffrey Noyes, manager of international operations for Oneida Ltd., has been appointed to the Board of its subsidiary, ONEIDA SILVERSMITH, of the U.K.

HOME CONTRACTS

£1.6m. City building work awarded to HGS

HGS (Humphreys and Glasgow Services) has won a £1.6m. contract from Higgs and Hill Building for the installation of mechanical services in a new office block, St. Magnus House, Lower Thames Street, E.C.3. Work is scheduled for completion in two years.

★

EN-TOUT-CAS, Syston, Leicester, has been awarded a contract to build a skatepark by the City of Portsmouth. The order is worth £51,000 and the skatepark is to be built in an existing roller skating rink on the esplanade at Southsea, where the roller skating rink will be adapted to this new sport while retaining some roller skating facilities. Plans include a training area for beginners and a series of more advanced facilities.

★

WILLIAM PRESS PRODUCTION SYSTEMS has received an order from BP Petroleum Development through their main contractor, Construction John Brown, for the fabrication of pipe racks for their Sullom Voe oil terminal on the Shetland mainland. Comprising nine pipe racks with a total structural weight of 1,150 tonnes and containing about 20,000 feet of pipework, the order will be fabricated as packaged units of around 210 tonnes. The racks will carry delivery and distribution pipework in diameters from 22 inches up to 24 inches, on four vertical levels.

★

AVON INDUSTRIAL POLYMERS (MELKSHAM) has won an order worth more than £400,000 from Hoverlloyd for hovercraft skirt replacement fingers, made from rubber-coated nylon fabric. Each is about 14 feet long, 6 feet tall and weighs 33 pounds.

★

BURROUGHS MACHINES has received an order from the fibres division of Imperial Chemical Industries for seven B1700 computer systems for use in their planned distributed processing system, in which a B1700 computer will be installed at each major site of the division.

★

INERTIAL SYSTEMS, Egham, Surrey, has been awarded a £35,000 contract by the South-West Water Authority for the design and supply of systems to monitor operating and control facilities of a dam located on Wimbleball Reservoir, near the edge of Exmoor. The equipment will also signal alarm status to a number of remote control locations.

COMPANY NOTICES

CLUBS

PERSONAL

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Initial setback reversed—net 2 gain

BY OUR WALL STREET CORRESPONDENT

AFTER SUSTAINING a fresh setback this morning on the dollar's renewed weakness on overseas currency markets and continuing concern about the coal strike, Wall Street subsequently picked up, helped by a late afternoon Government report of a 4.0 per cent. rise in weekly retail sales.

The Dow Jones Industrial Average, after falling further to 742.98, rallied to 750.95 for a net rise of 1.90, its first closing gain for more than two weeks. The NYSE All Common Index was finally 4 cents up at $48.73, after slipping to $48.51, while rising issues held an edge over declines at the close of 699 to 645. Turnover was again moderate, amounting to 18.72m. shares compared with 18.45m. yesterday.

Another factor which could aid the market was the Federal Reserve's report at the close that the basic M1 money supply dropped $1.2bn. in the week ended February 15, while the more broadly defined measure M2 was down $1.2bn.

Chrysler declined ⅛ to $11⅛ on reporting a $49.7m. loss in the fourth quarter and predicting a loss for the current quarter.

Bausch and Lomb retreated 5¼ to $44⅞, while actively-traded Revlon shed ⅝ to $40⅝ — the two companies have terminated merger talks.

International Business Machines, which has filed a law suit against Xerox for alleged patent infringement, rose ¼ to $235¼, but Xerox declined ⅞ to $43½.

Among the bright spots, United Nuclear advanced 2⅞ to $48⅞ in active trading. Twentieth Century-Fox added 1⅞ at $24¼ following an increased and special year-end dividend.

THE AMERICAN SE Market Value Index improved 0.07 to 123.02 on volume of 2.35m. shares (2.15m.).

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Chrysler	271,700	11⅛	−⅛
Marshall Field	183,000	20⅞	+1
Citicorp	173,600	19⅞	+⅛
Phillips Petroleum	165,000	28	−1
Houston Inds.	154,100	29⅝	—
Dow Chemical	147,000	25	−⅛
Bausch and Lomb	139,200	44⅞	−5¼
Pepsico	134,000	24⅞	—
Revlon	130,500	40⅝	−⅝
Allegheny Ludlum	122,900	21⅛	+⅛

OTHER MARKETS

Canada lower

Canadian Stock Markets turned lower yesterday in a moderate business, with the Toronto Composite Index receding 1.2 to 1,009.4. Oils and Gas lost 5.8 to 1,323.0 and Metals and Minerals 5.0 to 790.3, but Golds recovered 9.2 to 1,370.8 and Papers put on 0.73 to 94.26.

GSW "A" climbed 1½ to $7½ on the company's planned $2.50 dividend payment, while Toronto-Dominion added ⅛ at $17⅛ on higher earnings.

PARIS—After opening higher, stocks reacted on profit-taking to finish with net losses predominating.

OPFI Paribas, however, gained 1.60 to Frs.71.10 after its parent company announced satisfactory figures and an unchanged dividend on capital increased by 20 per cent.

Bouygues managed a rise of 3.5 at Frs.308.5, but Maisons Phenix lost 24 to Frs.715, BIC 15 to Frs.475, and Usinor 2 to Frs.21.2.

BRUSSELS — The weakening tone persisted in light trading.

Fabrique Nationale receded 70 to B.Frs.2,350 on stating that the strike at its Belgian plants threatens its competitiveness.

Petrofine lost 90 to B.Frs.3,895 and American Petrofina fell B.Frs.50 but Canadian Petrofina rose.

AMSTERDAM — Stock prices showed modest losses across a broad front.

Dutch Internationals were led lower by Royal Dutch, down Fls.1.40.

Elsewhere, KLM declined Fls.2.30, Bijenkorf Fl.1.0 and Middenstandsbank Fls.1.50, but Van Ommeren added Fl.0.70 and Gist Brocades Fl.0.30.

State Loans were higher.

GERMANY — Shares drifted easier on concern about the dollar's continued weakness in foreign exchange markets.

Declines, however, seldom exceeded DM1, with leading Banks, Chemicals and Steels holding up best.

Volkswagen led Motors lower with a reaction of DM1.70.

Altana, Kali und Salz, and Salamander, which were among Wednesday's favourites, retreated DM3.50, DM2.30 and DM1 respectively.

On the Bond market, public sector Loans gained up to DM0.30. The Regulating Authorities sold DM15.3m. nominal of paper, against DM18.5m. sales the previous day. Mark Foreign Loans were mixed.

SWITZERLAND — A firmer tendency prevailed, although small gains and losses were about evenly balanced in Insurances.

In Industrials, Ciba-Geigy advanced 35 to Sw.Frs.1,335 in active trading in response to the results and proposed capital increase. Nestle added 27 at Sw.Frs.3,670.

Domestic and Foreign Loans rose after news that the Swiss Government has dropped its plan to raise a Sw.Frs.200m. loan in March.

MILAN—Industrial leaders were selectively higher, but the rest of the market displayed a dull bias. Trading was thin, but improved slightly late in the session.

Montedison, L168.5, and Snia Viscosa, L670, advanced 12.5 and 44 respectively, on continued rumours of possible plans for their financial rescue.

STOCKHOLM — Market was generally lower, with Fagersta falling 7 to Kr.81.

SPAIN—Market continued dull and apathetic, with the General Index slipping 0.42 more to 92.51. However, Duro Felguera, 51, and Cros, 67, were again overbid and put on 1 and 2 points respectively.

JOHANNESBURG — In the absence of Overseas interest, Gold shares eased ahead of the dealers' financial year-end in quiet trading, but picked up towards the close on higher Bullion indications to finish with mixed movements.

Financial Minings were mostly lower in modest trading. De Beers relinquished 8 cents to R5.70 on local selling.

HONG KONG—Stocks were slightly easier in places, with the market's lethargy continuing ahead of results from Hong Kong and Shanghai Banking and its subsidiary, Hang Seng Bank.

Hong Kong Land firmed 5 cents to $HK8.65 but Hutchison Whampoa shed 2.5 cents to $HK3.55 and Swire Pacific 5 cents to $HK5.50. Hong Kong Bank, Jardine Matheson and Wheelock were unchanged.

TOKYO — Market remained firmer-inclined in active trading on expectations of a cut in the Bank of Japan's official discount rate soon. The Nikkei-Dow Jones Average was 18.85 higher at 5,104.23 on volume of 400m. shares (380m.).

Cement, Road Construction and Machine issues rose on increased Government spending for public works and stepped-up capital outlay by electric power companies.

AUSTRALIA — Generally weaker, with only Banks making headway.

ANZ and CBA put on a few cents apiece among Banks, but CSR, in Sugars, lost 7 cents to $A2.66, while EZ Industries were 15 cents down at $A1.70.

In the Mining sector, CRA fell 8 cents to $A1.90, while Coals, Golds and Uraniums cheapened. Ampol Petroleum shed 2 cents to 70 cents in Oils.

NEW YORK, Feb. 23.

Indices

NEW YORK—DOW JONES

	Feb. 23	Feb. 22	Feb. 21	Feb. 17	Feb. 16	Feb. 15	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	750.95	749.05	749.31	752.69	753.29	761.69	999.75 (3/1/77)	749.05 (22/2/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.56	89.44	89.59	89.55	89.34	89.51	95.87 (1/9)	89.56 (26/1/78)	—	—
Transport	205.79	205.24	205.01	205.84	205.50	205.55	246.64 (12/5)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	102.64	102.54	102.84	103.32	105.56	105.96	118.67 (22/2/77)	102.54 (22/2/78)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	18,720	18,450	21,890	18,500	21,670	20,170	—	—	—	—

* Basis of index changed from August 24.

	Feb. 17	Feb. 10	Feb. 3	Year ago (approx.)
Ind. div. yield %	6.13	5.94	5.98	4.46

STANDARD AND POORS

	Feb. 23	Feb. 22	Feb. 21	Feb. 17	Feb. 16	Feb. 15	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	96.48	96.35	96.43	96.61	96.94	97.72	111.32 (3/1/77)	96.58 (22/2/78)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	87.64	87.56	87.59	87.98	88.08	88.83	107.00 (3/1/77)	87.56 (22/2/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Feb. 22	Feb. 15	Feb. 8	Year ago (approx.)
Ind. div. yield %	5.47	5.33	5.17	4.16
Ind. P/E Ratio	8.45	8.57	8.77	10.80
Long Govt. Bond yield	8.27	8.26	8.20	7.77

N.Y.S.E. ALL COMMON

Feb. 23	Feb. 22	Feb. 21	Feb. 17	1977-78 High	1977-78 Low
48.73	48.69	48.68	48.90	57.07 (4/1/77)	48.63 (21/2/78)

Rises and Falls

	Feb. 23	Feb. 22	Feb. 21
Issues traded	1,830	1,832	1,862
Rises	690	713	487
Falls	645	633	940
Unchanged	486	486	435
New Highs	-	16	13
New Lows	--	77	114

MONTREAL

	Feb. 23	Feb. 22	Feb. 21	Feb. 20	1977-78 High	1977-78 Low
Industrial	—	164.93	164.52	165.71	186.47 (17/8)	158.02 (25/10)
Combined	—	175.58	175.19	172.46	187.95 (19/1/77)	165.60 (25/10)
TORONTO Composite	1009.4	1010.6	1007.6	1005.0	1067.4 (19/7)	961.0 (25/10)

JOHANNESBURG

					1977-78 High	1977-78 Low
Gold	207.6	206.2	209.5	213.8	216.7 (1/2/78)	159.4 (28/3)
Industrials	202.6	202.4	205.5	204.7	214.4 (4/1/78)	169.1 (22/4)

	Feb. 23	Previous	1977-78 High	1977-78 Low
Australia (a)	455.10	459.51	479.45 (5/1/78)	416.85 (16/2/77)
Belgium (1)	93.24	93.33	99.12 (10/1/77)	90.47 (12/1/78)
Denmark (**)	96.26	96.36	107.92 (9/6)	94.00 (9/2/78)
France (11)	52.0	52.0	58.4 (7/1/77)	45.5 (10/6)
Germany (‡)	806.9	811.5	815.5 (17/11)	712.5 (10/5)
Holland (¶)	72.6	73.6	82.2 (4/1)	75.5 (23/8)
Hong Kong (55)	409.02	409.48	425.11 (11/5)	383.44 (13/1/78)
Italy (1)	61.71	61.54	75.11 (6/1/77)	54.30 (22/12)
Japan (a)	365.62	322.79	390.93 (29/9)	360.39 (24/11)
Singapore (b)	269.25	269.51	271.66 (15/2/78)	242.28 (5/5)
Spain (d)	92.51	92.93	109.00 (22/12)	92.51 (23/2/78)
Sweden (c)	349.69	355.28	416.62 (22/3)	326.86 (24/11)
Switzerl'd (f)	313.7	314.2	323.7 (12/1/78)	280.7 (15/3)

Indices and base dates (all base values 100 except NYSE All Common — 50, Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (||) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (||||) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ¶ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—81¾% (82¼%)
Effective rate (at 1.9530) 36½% (36¼%)

NEW YORK

Stock	Feb. 23	Feb. 22
Abbott Labs.	52	52¼
Corning Glass	46⅛	46¼
CPC Int'n'tional	44⅛	44⅜
Crane	26⅛	26⅛
Johns Manville	30⅛	30
Johnson Johnson	66⅜	66
Johnson Control.	27⅝	27⅛
Revlon	40⅝	41⅝
Reynolds Metals	25⅛	25⅛
Reynolds R. J.	54⅛	54⅛
Woolworth	17⅝	17⅝
Wyly	0⅜	0⅜
Xerox	43½	44⅜

[illegible]

CANADA

[illegible]

GERMANY ♦

Feb. 23	Prices Dm.	+ or −	Div. %	Yld. %
AEG	89.7		—	—
Allianz Versich.	489	−5	18	1.9
BMW	231	−0.5	20	4.4
BASF	139.8	−0.7	17	6.1
Bayer	139.3	−0.3	16	5.7
Bayer. Hypo.	289	−1	20	3.4
Bayer. Vereinsbk.	322.5	−0.5	20	3.1
Cihalnt. Ned.wrtt	215		—	—
Commerzbank	231	−0.5	18	3.9
Conti Gummi	80.5	−0.5	—	—
Daimler Benz	314.5	−0.5	19	3.1
Degussa	271.5	−1	17	3.2
Demag	164.5	−1	14	4.3
Deutsche Bank	311	−0.5	20	3.2
Dresdner Bank	251	−0.9	20	4.0
Dyckerhoff Zemt.	148		4	1.3
Gutehoffnung	205.2xd	−0.3	12	2.9
Hapag Lloyd	114.5	−1.5	12	5.2
Harpener	255.1	−1.9	9	3.5
Hoechst	129.7	−0.3	16	6.3
Hoesch	46.4		4	4.4
Horten	120	−0.5	10	4.2
Kali und Salz	157.2	−2.3	9	2.9
Karstadt	296	−3	20	3.3
Kaufhof	206	−0.5	20	4.8
Kloeckner Dm 100	94.5	+0.5	—	—
KHD	178.5		12	3.5
Krupp	96.5	−1	—	—
Linde	245.5	−1	16	3.3
Lowenbrau 100	1,550		20	1.2
Lufthansa	111.8		7	3.2
MAN	195.5	−1.5	12	3.1
Mannesmann	172.7	−0.8	14	4.1
Metallges.	233	−1	10	2.2
Munchener Ruck	530		18	1.7
Neckermann	111.5	1.5	—	—
Preussag Dm 100	113	−1.2	7	6.2
Rhein West Elect.	212	−0.5	16	3.8
Schering	259.2		20	3.8
Siemens	298	−2	16	2.7
Sud Zucker	250	−2	17	3.4
Thyssen A.G.	125.9	−0.4	11	4.4
Varta	183.5	−1.5	14	3.8
VEBA	118		12	5.0
Vereins & West Bk.	302		20	3.3
Volkswagen	213.5	−1.7	10	2.3

AMSTERDAM

Feb. 23	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20)	97.5	−0.7	24	5.0
Akzo (Fl.20)	21.8	−0.4	—	—
Alg Bank (Fl.100)	344	−1	A22.5	6.5
AMEV (Fl.10)	78.8	−0.3	A44	5.6
Amrobank (Fl.20)	71.8	−0.1	22	6.5
Bijenkorf	78.5	−1.0	23	5.8
Boka Westm (Fl.20)	115.5	−2.2	70	6.0
Buhrm Tetterode	66.3	−0.1	25	7.6

[illegible]

TOKYO ¶

Feb. 23	*Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	317	−1	14	2.2
Canon	449	+2	12	1.3
Casio	588	−4	25	2.1
Chinon	370	+13	20	2.7
Dai Nippon Print	513		18	1.8
Fuji Photo	540	−6	15	1.4
Hitachi	214	+4	12	2.8
Honda Motors	569	+8	18	1.6
House Food	1,170	−20	35	1.5
C. Itoh	220	+10	12	2.7
Ito-Yokado	1,250	−10	30	1.2
Jaccs	630	−4	13	1.0
J.A.L.	2,730	+10	—	—
Kansai Elect.Pw.	1,030	−10	10	4.9
Komatsu	322	+7	18	2.8
Kubota	279	+1	15	2.7
Kyoto Ceramic	2,780	+210	35	0.6
Matsushita Ind.	591	+1	20	1.7
Mitsubishi Bank	279		10	1.8
Mitsubishi Heavy	134	+3	12	4.5
Mitsubishi Corp.	410	−5	13	1.6
Mitsui & Co.	310		14	2.3
Mitsukoshi	522	+1	20	1.9
Nippon Denso	1,170	−20	15	0.6
Nippon Shinpan	633	−7	12	0.9
Nissan Motors	801	−7	16	1.0
Pioneer	1,400	+20	48	1.7
Sanyo Electric	206	+3	12	2.9
Sekisui Prefab	840	−39	30	1.8
Shiseido	1,090	+20	20	0.9
Sony	1,790	+10	40	1.1
Taisho Marine	246	+1	11	2.2
Takeda Chemical	320	−7	15	2.3
TDK	1,490		30	1.0
Teijin	112	−2	10	4.5
Tokio Marine	491	−2	11	1.1
Tokyo Elect Pow'r	1,100	−10	8	3.6
Tokyo Sanyo	251	+1	12	2.4
Tokyo Shibaura	129	+5	10	3.9
Toray	124	+2	10	4.0
Toyota Motor	904	−4	20	1.1

Source Nikko Securities Tokyo

BRUSSELS/LUXEMBOURG

Feb. 23	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed	2,300		—	—
Bq. Brx. Lamb.	1,412	−8	60	4.3
Bekaert "B"	1,740	+5	112	6.4
C.B.R. Cement	1,128	−22	90	8.0
Cockerill	369		—	—
EBES	2,325	+18	177	7.6
Electrobel	6,000	+30	430	7.2
Fabrique Nat.	2,350	−70	170	7.2
G.B. Inno-Bm	1,875	−5	130	6.9
Gevaert	1,230	+2	80	6.5
Hoboken	2,405xd		170	6.7

[illegible]

SWITZERLAND ●

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

MILAN

[illegible]

AUSTRALIA

Feb. 23	Aust. $	+ or −
ACMIL (25 cent)	†0.68	−0.02
Acrow Australia	†0.86	
Allied Mnt-Trdg. Indus $1	†2.26	
Ampol Exploration	†1.26	
Ampol Petroleum	†0.70	−0.02
Assoc. Minerals	†0.70	
Assoc. Pulp Paper $1	†1.10	
Assoc. Con. Industries	†1.56	
Aust. Foundation Invest.	†1.06	−0.02
A.N.I.	†1.45	−0.02
Audimco	†0.42	
Aust. Oil & Gas	†0.35	
Blue Metal Ind.	†0.96	
Bougainville Copper	†1.04	−0.01
Broken Hill Proprietary	†5.26	
BH South	†0.85	
Carlton United Brewery	†1.86	+0.01
C. J. Coles	†1.85	
CSR ($1)	†2.66	−0.07
Cons. Goldfields Aus.	†2.40	−0.02
Container ($1)	†3.00	
Conzinc Riotinto	†1.90	−0.08
Costain Australia	†1.35	
Dunlop Rubber ($1)	†1.37	
ESCOR	†1.05	
Elder Smith	†1.90	−0.02
E.Z. Industries	†1.70	−0.15
Gen. Property Trust	†1.35	
Hamersley	†2.20	−0.02
Hooker	†0.71	−0.01
I.C.I. Australia	†2.05	
Inter-Copper	†0.29	
Jennings Industries	†1.28	+0.01
Jones (David)	†1.01	
Leonard Oil	†0.25	+0.01
Metals Exploration	†0.15	
MIM Holdings	†1.63	−0.02
Myer Emporium	†1.80	
News	†2.50	
Nicholas International	†0.97	+0.02
North Broken H'dings (50c)	†1.05	−0.02
Oakbridge	†1.74	−0.02
Oil Search	†0.08	
Otter Exploration	†0.16	−0.01
Pioneer Concrete	†1.40	−0.03
Reckitt & Colman	†2.60xc	
H. C. Sleigh	†0.75	−0.01
Southland Mining	†0.18	−0.01
Tooth ($1)	†1.70	+0.01
Waltons	†0.96	
Western Mining (50 cents)	†1.10	−0.02
Woolworths	†1.63	

PARIS

Feb. 23	Price Frs.	+ or −	Div. Frs.	Yld. %
Rente 4½%	765	+1	4½	0.6

[illegible]

STOCKHOLM

[illegible]

BRAZIL

Feb. 23	Price Cruz	+ or −
Acesita	1.85	−0.04
Banco Brasil pp.	3.90	+0.15
Banco Itau PN	1.05	
Belgo Mineira OP	1.85	+0.01
Lojas Amer. OP	3.20	−0.08
Petrobras PP	3.48	−0.08
Pirelli OP	2.20	−0.05
Souza Cruz OP	3.95	−0.07

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

$ at new low

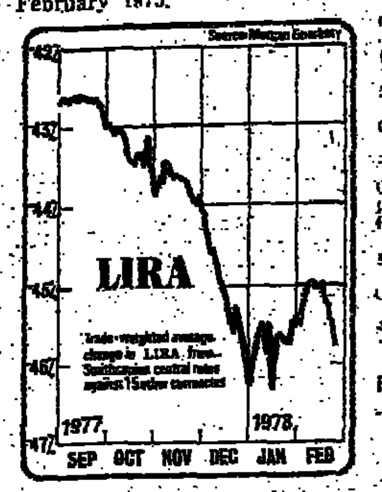
The U.S. dollar continued to lose ground in the foreign exchange market, and several European currencies touched record levels against the U.S. unit. The West German D-mark touched a record DM2.0150, before closing at DM2.0192½ compared with DM2.0385 previously. The other members of the European currency snake also rose to their highest levels ever against the dollar, with the Dutch guilder touching Fls.2.1630, before closing at Fls.2.1685, and the Belgian commercial franc touching B.Frs.31.44, before closing at B.Frs.31.45½.

The Swiss franc finished at a record high of Sw.Frs.1.7920 against the dollar, compared with Sw.Frs.1.8280 on Wednesday. The Canadian dollar was fairly steady, closing at 89.61½ U.S. cents, against 89.62½ previously.

Several central banks probably intervened to prevent further appreciation by their various currencies, but this did not include the Bank of England. The U.K. authorities may have even given some support to the pound.

The dollar's trade-weighted index, on Bank of England figures, fell to 90.1 from 90.5, and Morgan Guaranty's calculation of the dollar's depreciation widened to 5.62 per cent. from 5.27 per cent. The pound's index, as calculated by the Bank of England, was unchanged at 65.7, after standing at 65.6 at noon and in early trading. Sterling fell to a low point of $1.9430-1.9440 against the dollar, but improved to $1.9560-1.9570 as pressure increased on the dollar in the afternoon. It closed at $1.9525-1.9535, a rise of 50 points on the day.

Gold rose $1⅞ to $182⅞-183⅜, the highest closing level since February 1975.



CURRENCY RATES

	Special Drawing Rights February 23	European Unit of Account February 23
Sterling	0.630823	0.644811
U.S. dollar	1.22777	1.25533
Canadian	1.36946	1.39582
Austria sch.	17.9195	18.2902
Belgian franc	38.7914	39.6623
Danish krone	6.87651	7.01711
Deutschemark	2.48255	2.53831
Dutch guilder	2.66917	2.73199
French franc	5.88102	6.01680
Italian lira	1046.27	1069.78
Japanese yen	292.823	298.495
Norway krone	6.50718	6.63804
Spain peseta	98.4401	100.676
Swedish krone	5.65818	5.76319
Swiss franc	2.21858	2.26803

EXCHANGE CROSS-RATES

Feb. 23	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0215-0350	42.18-28	6.40-41	3.932-948	93.00-15	112.10-35
New York	49.65-68	—	21.06-11	3.1900-50	1.9530-9540	46.35-50	55.70-89
Paris	236.95-7.45	4.784-796	—	15.157-191	9.3245-3445	220.15-65	265.94-644
Brussels	15.60-65	31.59-64	6.58-61	—	61.47-63	14.51-55	17.48-58
London	3.94-95	1.9525-35	9.32½-33½	61.40-50	—	4.23½-24½	3.48½-50½
Amst'dam	107.625-675	2.1727-52	45.386-436	6.8905-55	4.2375-2425	—	120.82-1.02
Zurich	88.95-89.14	1.8000-8025	37.566-842	5.7016-7132	3.6100-5158	82.83-83.03	—

U.S. $ in Toronto U.S. $=111.60-64 Canadian cents.
Canadian $ in New York = 89.68-70 cents. U.S. $ in Milan 862.20-40.
Sterling in Milan 1660.45-1660.85.

EURO-CURRENCY INTEREST RATES*

Feb. 23	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
†Short term	5⅛-5¾	6¼-7¾	6¾-7	5⅜-5⅝	⅛-¼	3⅛-3⅜
7 days notice	5¾-6¼	6¾-7¼	6⅞-7⅛	5⅜-5⅝	⅛-¼	3⅛-3⅜
Month	7-7¼	6⅞-7¼	7-7¼	5⅜-5⅝	⅛-¼	3⅛-3¼
Three months	7½-7¾	7-7⅜	7¼-7½	5⅜-5⅝	1/16-⅛	3⅛-3¼
Six months	8⅛-8⅜	7⅜-7¾	7¾-8	5¼-5½	¼-⅞	3⅛-3¼
One year	8⅜-8⅝	7⅞-7⅞	7⅞-8⅛	5½-5¾	1 1/16-1⅜	3⅛-3¼

Euro-French deposit rates: two-day 10⅞-10⅞ per cent.; seven-day 11⅛-11¼ per cent.; one-month 13½-14½ per cent.; three-month 13½-14 per cent.; six-month 13-13½ per cent.; one year 12⅛-12⅝ per cent.

Long-term Eurodollar deposits: two years 8 1/16-8 5/16 per cent.; three years 8¼-8¾ per cent.; four years 8¼-8⅝ per cent.; five years 8¼-8¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.95-7.05 per cent.; three-month 7.15-7.25 per cent.; six-month 7.50-7.60 per cent.; one-year 7.75-7.85 per cent.

* Rates are nominal calling rates.
† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

	Feb. 23	
Gold Bullion (a fine ounce) Close	$182⅞-183⅜	$181
Opening	$181-181¾	$181
Morning fixing	$182.60 (£93.600)	$181 (£93
Afternoon fixing	$183.20 (£94.016)	$182 (£93
Gold Coins domestically Krugerrand	$190¼-192¼ (£97½-98½)	$188
New Sov'gns	$58½-60½ (£30-31)	$58 (£30
Old Sov'gns	$57¾-59¾ (£29½-30½)	$57 (£29
Gold Coins internat'lly Krugerrand	$188-190 (£96¼-97¼)	$188 (£95
New Sov'gns	$57¾-59¾ (£29½-30½)	$57 (£29
Old Sov'gns	$57¾-59¾ (£29½-30½)	$57 (£29
$20 Eagles	$285-288	$285

FOREIGN EXCHANGES

Feb. 23	Bank Rate %	Day's Spread
New York	6½	1.9430-1.9570
Montreal	7½	2.1650-2.1815
Amsterdam	4½	4.22-4.25
Brussels	6½	61.55-62.10
Copenhagen	8	10.89-10.99
Frankfurt	3	3.93-3.95
Lisbon	18	77.65-78.90
Madrid	8	156.05-156.55
Milan	11½	1,659-1,664
Oslo	6	10.28-10.36
Paris	9½	9.31-9.35
Stockholm	8	8.94-9.01
Tokyo	4¼	460-470
Vienna	5½	28.50-28.70
Zurich	1½	3.48½-3.55½

† Rates given are for convertible francs. Financial franc 61.37-61.57.

OTHER MARKETS

Argentina	1514-1518
Australia	1.7054-1.7226
Brazil	31.53-32.65
Finland	8.12-8.15
Greece	69.918-70.518
Hong Kong	8.98½-9.00¾
Iran	132-138
Kuwait	0.535-0.545
Luxemb'rg	61.40-61.50
Malaysia	4.55½-4.56
N. Zealand	1.8916-1.9105
Saudi Arab	6.67-6.77
Singapore	4.51½-4.55
S. Africa	1.6784-1.7042
U.S.	
Canada	
OSI	
U.S. cents	89.60-89.63

Rate given for Argentina is a free rate.

FORWARD RATES

	One month
New York	.05 c.pm-.07c.dis
Montreal	par-0.10c dis
Amst'dam	¾ c. pm-¼ c. dis
Brussels	5 c.pm-5 c.dis
Cop'nhgn	8-10 ore dis
Frankfurt	1¾-¾ pf pm
Lisbon	60-150 c. dis
Madrid	30-100c. dis
Milan	9-15 lire dis
Oslo	4¾-6¾ ore dis
Paris	4½-5½ c. dis
Stckho'lm	3-5 ore dis
Vienna	par-10 gro dis
Zurich	2¼-1¼ c. pm

Six-month forward dollar 0.4[illegible]. 12-month 0.50-0.70c pm.

FARMING AND RAW MATERIALS

Cocoa use estimate increased

By Richard Mooney

A SLOWDOWN in the rate of world cocoa bean consumption is indicated in the latest market report by London dealers Gill and Duffus.

1977-78 world grindings are estimated at 1,357,000 tonnes against 1,350,000 in the previous report (published in December) and 1,400,000 tonnes in the 1976-77 season. But this figure would still be the lowest since 1968-69. Grindings peaked at 1,560,000 tonnes in 1972-73.

The higher grindings figures in the latest report contributes to the biggest reduction in the estimated surplus of production over consumption. Gill and Duffus now puts the surplus at 62,000 tonnes against 99,000 in the December report. The other factor reducing the expected surplus is a cut in estimated world production from 1,456,000 tonnes to 1,443,000.

Brazilian production (estimated at 249,000 tonnes in December) is now put at 225,000 and the Ghana estimate is cut to 300,000 tonnes (320,000 in December). A 5,000 tonnes reduction is also made in the Nigerian crop which is now forecast at 205,000 tonnes.

These cuts are largely offset by an increased forecast for the Ivory Coast, expected to be 290,000 tonnes compared with 255,000 in December. The Cameroun total is raised by 5,000 tonnes to ...

Gill and Duffus attributes the increased demand figure mainly to higher than expected grindings in Brazil and the Ivory Coast and estimates that forecast West German grindings have been raised slightly since December.

Heavy rains hit Cuban sugar harvest

HAVANA, Feb. 23.

HEAVY RAIN has reduced deliveries of cane to Cuban mills and by late January only 32 of the 110 mills reached their production targets, the official newspaper Granma said.

January rains affected transport so much that some mills had to stop. Indications are that the supply of cane from the fields has improved this month as the weather improved but heavy rain in the past few days in the east of the island may cause more problems.

Cuba is aiming for a second record crop of 7.3m. tonnes (compared with 6.5m. last year), with increased mechanised cutting at 65 per cent. of the crop.

U.S. producers press appeal for copper import quotas

BY JOHN EDWARDS, COMMODITIES EDITOR

U.S. COPPER producers confirmed last night that they are appealing to the U.S. Government for temporary measures to restrict copper imports.

The producers said they will recommend to the International Trade Commission that relief from imports will best be carried out by a quota system. The size and type of the recommended quota will be made known at the Commission hearings of their petition.

Reports that U.S. producers planned to seek a curb on copper imports have been circulating in the market for some time. In January Mr. George Munroe, chairman of the U.S. copper company Phelps Dodge, said he was hopeful a 10 cent a pound "environmental equalisation" *levy on imports would be imposed.*

The argument is that copper producers in the U.S. are handicapped in competing with foreign companies by the strict environmental controls in the U.S.

Now, however, it is understood there have been changes in the copper producers' suggested methods of controlling imports.

Nevertheless, the fact remains that any restriction on U.S. copper imports would be a severe blow to exporting countries, already hard hit by the depressed world market conditions that have forced prices well below most cost of production levels.

Ironically, a sharp fall in the New York copper market overnight was the main influence behind a decline in copper prices on the London Metal Exchange yesterday to the lowest level since February, 1976. Copper cash wirebars closed £13 down at £616 a tonne.

Pessimism about demand prospects brought out fresh selling that accelerated when a "bear" chart point was touched.

Unsettled

The feeling is that the fall in demand as a result of the coal strike in the U.S. would force other U.S. producers to follow Kennecott's surprise decision last month to cut its domestic price by 1.50 cents to 61.50 cents *a pound.*

Other U.S. producers so far have maintained their prices at 63 cents, but are now at an increasingly serious competitive disadvantage to imported copper available at the world market price of around 55 cents a pound.

The gloom in copper unsettled other London base metal markets yesterday. Cash tin dropped by £80 to £6,090 a tonne. The downturn was encouraged by reports that the U.S. Congress is expected to approve stockpile tin releases in due course.

Lead remained nervous, and the cash price fell again by £4.75 to a new 14-month low point of £275.25 a tonne.

Zinc values were steadied by *news that Amax in the U.S. has* shut production at its Sauget refinery because of a cut in power supplies. However, New Jersey Zinc confirmed it was cutting its U.S. domestic price by 1.5 cents to 29 cents a pound following Asarco's reduction earlier this week.

U.S. zinc producers are also seeking protection against cheap imports. But of more interest to the London market recently has been a report *that the EEC Commission* is being urged to take some action to help the industry under Section 3 of article 85 of the Treaty of Rome.

Earlier this month the Commission announced that it had asked the liaison committee for the non-ferrous industry to prepare a report on the troubled zinc industry. This report will be presented to the Commission shortly and is believed to recommend *that a system of "open"* import licences should be introduced to monitor the market and enable import controls to be brought in, if necessary.

But the committee, made up of Community zinc smelter representatives, was apparently unable to reach complete agreement on more far-reaching measures such as production cuts and a possible minimum price scheme.

Rustenburg platinum price rise

By John Edwards, Commodities Editor

ANOTHER RISE in the producer price of platinum — the fourth increase since November was announced yesterday *by Rustenburg Mines of South Africa.* It is raising the world price from $205 to $220 an ounce. The sterling equivalent goes up £8 to £114.50.

A statement from the company noted that *conditions in the free market* for platinum have been buoyant for some weeks and it believes the $220 level reflects the correct price for platinum under prevailing circumstances.

Earlier this week, Mr. Ian Greig, chairman of Impala Platinum the other major South African producer, said he was not contemplating a producer price increase at present.

In these circumstances, it seems likely that Impala may delay following Rustenburg's example, especially as the free market appears to be showing some signs of *reaction following* the surge in prices to the highest level for four years.

The Rustenburg move reversed a downturn in the market, but values slipped back in later trading. The afternoon close was marginally higher at $232 an ounce against $231.50 on Wednesday, while the sterling quotation was cut by £0.25 to £118.75 reflecting the weakness of the dollar.

Milk price rise hits sales

BY CHRISTOPHER PARKES

THE LATEST increase in the retail price of milk — up a penny a point on January 1 — appears to have hit doorstep sales. Although farmers in England and Wales produced almost 10 per cent. more milk during January than in the same month last year, was diverted into making butter and cheese.

Milk Marketing Board figures show that during January total sales of liquid milk were 3.3 per cent. lower than last year, emphasising the continuing slide in the domestic consumption of drinking milk.

At times last year the decline rate was about 5 per cent., but towards the end of the year, as tea and coffee price cuts encouraged consumption, this started to slow down.

In December sales fell by 2.3 per cent.

Milk output in England and Wales jumped 9.3 per cent. last month, with the highest increases in South Wales (up 15 per cent.) and northern regions. The amount of milk sent for manufacture was 467m. litres, 29 per cent. higher than in January last year.

The EEC produced less butter and skimmed milk powder last year than in 1976, although milk delivered to dairies rose by 2.8 per cent.

Butter output fell by 5,000 tonnes.

Coffee talks deadlocked

BY OUR COMMODITIES STAFF

NO DECISION on raising International Coffee Agreement support prices had been reached when a special working group on the subject ended its first session in London yesterday.

International Coffee Organisation executive director, Sr. Alexandre Beltras, who chaired this week's meeting, told reporters a report on the group's deliberations will be put before an organisation executive Board meeting on March 16-17, but he said no firm conclusions had been reached. He added that the review was continuing.

The group has been discussing a Brazilian proposal to raise the trigger price at which export quotas would come into force to a level in line with current market prices. The present trigger is 77.46 cents a pound, less than half the market price. Predictably, the move was supported by other Latin American producers but resisted by consumers.

Brazil did not name any actual level, delegate sources said, but a trigger around 180 cents a pound was implied.

Dearer eggs next week

By Our Commodities Staff

EGGS WILL be dearer in most shops next week as a result of wholesale price increases announced yesterday.

The Goldenlay marketing consortium said *sizes one and two* (the pre-metric large grade) will go up in price by 3p a dozen with the smaller *sizes* increasing 2p. The rise should take large eggs to 62p-63p a dozen.

A Goldenlay official said the rise reflected the drying up of Continental imports because of improved demand and reduced supplies there. The weakness of the Continental market was the main reason for the 4p a dozen price cuts on the U.K. market announced at the beginning of this month.

The company said the Christmas-to-Easter period was normally a buoyant time for eggs and that the market now seemed to be returning to normal following the "hiccup" caused by oversupply in the rest of Europe. He noted that demand had also strengthened in the Middle East.

BRITISH AGRICULTURE

Caught on the hop by winter storms

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MY OWN farm in Hampshire missed the blizzard that hit the West Country last Sunday. But not by much. Salisbury, 20 miles to the West, was cut off *for about three days and for the* first time for many years Salisbury Market on Tuesday was cancelled.

Though I missed the worst of the drifting snow I remember from 1963 and 1947 just how desperately frustrating it can be to try to take feed to stock in a blizzard that rebuilds the drifts almost as soon as they have been cleared.

Nevertheless the sharp frost we endured for about 10 days and the Easterly winds, which blew for a week, produced problems enough for me. To begin with, a succession of easy winters made us unprepared like *the foolish virgins in the parable.*

At one time it was routine to protect the water pipes and troughs every autumn by insulating them against frost either with straw or dung, piled round the troughs. But the warm winters have discouraged this practice. So this year's frost, encouraged by a searching wind, froze almost every trough and pipe, except those buried deep in the ground.

This meant that a great deal of time was wasted thawing out pipes or providing extra supplies of water for both sheep and pigs.

Pigs living entirely on dry feed require adequate water all the time, and so do sheep. Watering several hundred pigs by hand gives one an incentive to put in an absolutely frost-proof supply, *which I am surely going to do* as soon as the weather will allow for plumbing operations.

Sheep in some ways need water more. But the sheep is a contrary animal. Like a horse, it can be led to water but it cannot be made to drink. When there is adequate grass a sheep will drink nothing at all from a trough, but when on dry feed it will consume quite a lot of moisture. If there is snow on the ground sheep, I have found, will obtain sufficient moisture.

During this last week's frost, there was no snow to speak of on my farm, and the sheep needed a lot of water which we had to provide. Without this water they would undoubtedly have suffered as they did in the past when we had a similar black frost.

My ewes are in a most critical condition: half are in the process of lambing and the remainder are due to start on March 10. Any sudden loss of condition will affect their milking capacity, and there is nothing worse than several hundred ewes which have little or no milk for their lambs.

Early lambing has been the direct result of a number of mild winters. For the last five or six years, I have had enough grass for the ewes to go on to as soon as they have lambed from late February onwards. There has not been a lot of grass, but sufficient to keep them going. In most years I have been able to graze them on autumn sown wheat as well. So I have gradually increased the early lambing flock.

The main advantage of this early lambing has been the high prices I have secured for lambs in April as against those sold later in the year. This year after the frost I have no grass, and the autumn sown wheat has lost most of its leaf. So I am keeping the ewes and their lambs literally on bare ground, on oats and hay, and hoping that the grass will grow soon.

Luckily, the ewes have come through the cold weather remarkably well. There have been some cruelly cold nights, and the ground has been frozen hard. The lambs have on the whole been very strong; the ewes have had plenty of milk and they have stood up to the worst of the weather.

However, farmers with ewes lambing in the West of England have had a dreadful time. Driving snow can kill a lamb in a very short time. The only sure way to preserve a flock in such conditions is to keep it indoors.

Now that the thaw has begun, I am anxious to find out how much damage has been done to the ryegrass pastures which were sown after last harvest for *grazing the sheep this summer.*

About 20 years ago there was a February frost as bad as this year and it killed off the ryegrass over a very wide area. The variety affected—a New Zealand *strain*—was very popular and farmers relying on it were in considerable difficulties the following summer. It is impossible to reseed grass in the spring which will yield as much grazing as autumn planted grass.

To counter this, we are advised to graze the new grass hard in the autumn so that there is no leaf on it if the frost should come. Such advice will certainly be put to the test this year. The damage is caused either by the surface lifting and breaking the roots, or an excess of leaf rotting and killing the plant.

There is also a possibility that the wheat and winter barley, of which there is an increased acreage, has suffered damage. On my farm there was no snow cover, which some claim will protect the young *plants. So the* frost will have been able to do its worst. But in 1963 when there was snow cover for about three *months some of the wheat and* new grasses were lost.

All in all, it has been a difficult period. I don't agree with those who say that a hard winter will kill off crop diseases and make for a good harvest—compensation, as it were, for hard times. My experience is that an easy mild winter followed by a good summer is the best recipe for farming profits, and the thaw hasn't come a moment too soon.

U.S. futures trading takeover attacked

BY JOHN LEECH

CHICAGO, Feb. 23.

A STRONG ATTACK on proposals for the U.S. Securities and Exchange Commission to take over regulation of futures trading was made here to-day by Mr. Robert Wilmouth, the new president of the Chicago Board of Trade.

Speaking at the annual meeting of America's biggest commodities exchange, Mr. Wilmouth reflected the feelings of traders on both current regulatory standards and the SEC's proposals.

He said: "On issue after issue, Government regulators show either a lack of knowledge of futures trading, or a disinclination to consider the benefits versus the disadvantages of regulation.

Last week, the SEC proposed in Washington that it should take over from CTFC

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

... with forward metal ... £631 following the fall on ... Once trade buying had the price slipped to £624 up in the afternoon to ... as Comex ...

... £606.5, 07, three months £618.5, 19. Kerb: Wirebars, three months £628, 28.5, 29, 27.5, 27, 26.5, 27, 27.5. Afternoon: Wirebars, three months £629, 30, 29.5. Cathodes, three months £619.5, 20. Kerb: Wirebars, three months £629.5, 29, 28, 27.5, 27, 26.

TIN—Easier with forward metal slipping ...

... on the Kerb of £6,015. Turnover 1,420 was chartist selling which led to a close ... tonnes.

Morning: Standard, cash £6,085, 80, three months £6,040, 50, 45, 40, 35, 30, 35, 55, 60. Kerb: Standard, three months £6,060, 65. Afternoon: Standard, three months £6,070, 75, 80, 70, 65, 60, 55. Kerb: Standard, three months £6,060, 40, ...

... during the morning session, showing losses of 30 points. There was good underlying interest and the market closed 20 higher on March and 15 lower on May. Old crop barley after early gains of 10 points traded for most of the session around 10-15 lower where good support was seen. New crops traded with some losses but closed on a steady tune, ...

RUBBER

STEADY opening on the London physical market. Quiet throughout the day closing dull. Lewis and Peat reported that the Malaysian godown price was 207 (204) cents a kilo buyer March.

No. 1 R.S.S.	Yesterday's close	Previous close	Business done
April	47.85-48.20		–
May	48.50-48.5		
Apr-June	48.4-48.55	48.05-48.10	48.60-48.40
Jly-Sept.	50.15-50.20	49.70-49.75	50.40-49.85
Oct-Dec	51.70-51.75	51.30-51.35	52.00-51.55
Jan-Mar	53.25-53.35	52.90-52.95	53.50-53.25
Apr-Jne	54.80-54.85	54.50-54.55	55.00-54.85
Jly-Sept.	56.25-56.30	56.00-56.10	56.40
Oct-Dec	57.75-57.80	57.55-57.60	58.00-57.75

Sales: 301 (362) lots of 15 tonnes.

Physical closing prices (buyers) were spot 47p (46.5); March 49p (48.75); April 49.25p (48.75).

SOYABEAN MEAL

	Yesterday's Close	+ or –	Business Done
April	106.00-06.2	–0.65	106.70-05.50
June	104.00-04.4	–0.55	104.20-03.60
August	105.50-05.9	–0.20	105.90-04.70
October	105.60-05.5	–0.60	–
December	106.40-06.8	–0.65	–
February	106.50-08.0	–0.50	–
April	106.50-11.0	......	–

Sales: 57 lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE for raw sugar £105.00 (£107.00) *a tonne cif for Feb.,* March shipment. White sugar daily price was fixed at £114.50 (£115.50).

The market opened easy under sell-at-best long liquidation and losses of some 100 points were quickly recorded. Prices continued to decline over the morning and by midday all positions were very near to life-of-contract low points. However, good support became apparent and improving New York quotations later enabled all the losses to be recovered by the close when prices again reached first traded levels.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	107.40-07.60	107.00-08.00	108.00-06.00
May	116.45-15.50	115.60-13.75	116.75-11.95

(+0.6); Pig numbers up 15.0 per cent., average price 63.2p (–0.9). Scotland—Cattle numbers up 20.5 per cent., average price 63.91p (–0.65).

COVENT GARDEN—Prices in sterling per package except where otherwise stated—**Imported produce: Oranges**—Spania: Navels ...; Jaffa: 2.50-3.35. Cyprus: Ovals approx. 16 kilos ...; *Egyptian: Baladi:* 2.40-2.60. Moroccan: 2.60-2.70. **Lemons**—Italian: 100/120 3.00-3.20. Cyprus: 2.50-3.00. Spania: 3.00-3.30. **Grapefruit**—Cyprus: ... 2.40-2.50; 20 kilos 2.50-3.00. Jaffa: 20 kilos 2.50-3.70. **Satsumas**—Spania: 3.00-3.20. **Mandarins**—Spania: 2.70-2.90. **Apples**—French: 40-lb Granny Smith Category I 7.60-8.50, Category II 4.20-5.00. Golden Delicious 4.90-5.60; 20-lb 72/100 Red Delicious 3.50, Stark Crimson 3.50-3.75; jumbo pack, *per pound.* Golden Delicious 0.10-0.14, Granny Smith 0.11-0.13. Italian: Per pound Rome Beauty 0.13, Golden Delicious 0.12-0.13. U.S.: Red Delicious 8.50-9.00; Oregon, Newtons 8.00; Washington: Golden Delicious 7.50; Eastern States: 8.00-8.40; Hungarian Red Delicious 7.00; Danish: Spartans 0.10-0.11. **Pears**—Italian: Per pound Passacrassane 0.12-0.13; S. African: Clapp's 4.50, Williams Bon Chretien 6.60. **Plums**—S. African: Gaviotas 0.34-0.36, Red Ace 0.25-0.28, Kelsey 0.40. **Grapes**—Californian: Red Emperor per pound 0.30-0.37. **Bananas**—*Jamaican: Per pound 0.13.* **Tomatoes**—Per 6 kilos, Canary: 1.50-2.00. **Melons**—Chilean: Green 10.00. **Cucumbers**—Canary: 1.60-2.00; Dutch: 2.60. **Cauliflowers**—Jersey: 7.00. French: 6.50-6.80. **Potatoes**—Canary: 25 kilos 6.50; Cyprus: 4.00. **Celery**—Spanish: ... 4.90-4.50. **Capsicums**—Kenya: Per pound 0.30; Canary: 0.50; Ethiopian: 0.40. **Peaches**—S. African: 21/24s 2.50-2.80. **Grapes**—S. African: Queen of the Vineyard 4.20, Ben Hannah 6.50. **Onions**—Spanish: 2.40-2.50; Dutch: 1.50; Polish: 1.30-1.50. **Strawberries**—Californian: Approx. 12 oz per punnet 0.90-1.00; Israeli: Approx. 8 oz 0.60.

English produce: Potatoes—Per 56-lb Whites/Reds 1.70-1.70. **Lettuce**—Per 12, Indoor 1.30-1.50. **Cabbage**—Per ...-bag Primo 0.80. **Beetroot**—Per 28-lb 1.00. **Carrots**—Per bag 28-lb 0.70-1.20. **Onions**—Per 56-lb 0.60-1.50. **Swedes**—Per bag, Yorkshire 0.90-1.00. **Apples**—Per pound, Cox's 0.12-0.22, Bramley's 0.11-0.16, Spartans 0.10-0.12, Edward VII 0.12-0.14. **Pears**—Per pound, Conference 0.10-0.14, Comice 0.14-0.16. **Sprouts**—Per pound 0.07-0.08. **Parsnips**—Per 28-lb 1.40-1.60. **Turnips**—Per 28-lb 1.10-1.20. **Rhubarb**—Per pound 0.20-0.22. **Cucumbers**—Per tray 12/22s 2.20-3.40.

WOOL FUTURES

LONDON—The market was dull and featureless, reports Bache.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or –	Business Done
March	228.0-30.0	–2.0	232.0
May	234.0-37.0	......	–
July	236.0-37.0	......	–
October	237.0-42.0	–0.5	–
December	242.0-44.0	....	–
March	247.0-48.0	....	–
May	247.0-46.0	......	247.0
July	247.0-46.0	......	

Sales: 2 (10) lots of 1,500 kilos.

SYDNEY GREASY—Close (in order buyer, seller business, sales)—Micron Contract—March 338.5-338.5; 339.5-338.5; 44. May 343.5-344.2; 343.0-344.0; 53. July 350.0-350.5; 351.0-350.0; 10. Oct. 352.5-353.1; 354.5-353.0; 5. Dec 370.0-360.7; 360.0-360.0; 10. March 363.0-364.0; 363.5-363.5; 2. May 366.0-366.8; 366.3-366.5; 10. July 368.0-368.8; 368.5-368.5; 3. Total sales: 137.

BRADFORD—Business in tops has been quieter since the early part of the week but topmakers are unwilling to reduce rates to attract spinners. Origin auction reports have done little to support prices though 58's and 60's tops are a little dearer, reflecting a shift from South American to other sources of supply. Topmakers' order books, however, are satisfactory.

COPRA DEARER

MANILA, Feb. 23.

Philippine copra prices have risen $12.50 a tonne in the wake of reports of sales of U.S. soyabeans to the USSR. Sellers quoted $415 a tonne c.i.f. for April-May delivery against Wednesday's price of $402.50.

Reuter

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Grains		
Barley EEC			
Home Futures	£70.75	......	£73.5
Maize			
French No. 3 Am	£100	......	£98
Wheat			
No. 1 Red Spring	£86.5	–0.25	£84.25
No. 2 Hard Winter			
English Milling	£94	......	£93.5
Cocoa Shipment	£1,555	–19.0	£1,613
Future May	£1,474	+18.5	£1,494.5
Coffee Futures			
May	£1,560.5	+26.0	£1,746
Cotton 'A' Index	66.8	+0.05	65.05
Jute UJ ABC	437	...	$437
Rubber kilo	47p	+0.5	45.75
Sisal E.A.	$625-45		
Sugar (Raw)	£105	–2.0	£114
Woolstops 64s Kilo	271p	...	267

Nominal. ‡ Unquoted. u Seller's quotation. c Cents a pound. ... Ex-tank London. Hull. u April. ... Feb.-March. ... March April. u Feb.-April. w March. u April-May. ... May. ? Per ton.

INDICES

FINANCIAL TIMES

Feb. 23	Feb. 22	Month ago	Year ago
223.51	222.99	227.98	276.82

(Base: July 1 1952=100)

REUTER'S

Feb. 23	Feb. 22	Month ago	Year ago
1382.9	1389.9	1397.8	1646.5

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 23	Feb. 22	Month ago	Year ago
Spot	347.64	344.73	348.91	406.55
Future	329.75	328.55	333.65	408.82

(Average 1924-25-26=100)

MOODY'S

Moody's	Feb. 23	Feb. 22	Month ago	Year ago
Staple Commodity	896.0	898.2	902.6	916.6

(December 31 1931=100)

*

GRIMSBY FISH—Supply good and demand moderate. Prices per stone at ship's side (unprocessed): Shelf cod £1.40-£3.70, codlings £2.70-£3.20; large haddock £4.00-£4.50, medium haddock £3.70-£4.20, small haddock £2.70-£3.20; large plaice £2.40-£3.00, medium plaice £2.40-£2.60, best small plaice £2.40-£2.70; skinned dogfish (large) £8.00, medium £7.00; lemon soles £9.00-£9.50; reds £1.60-£2.40; saithe £1.75-£2.00.

U.S. Markets

Gold and soyabeans surge ahead

NEW YORK, Feb. 23.

GOLD and soyabeans headed a general rally on nearly all commodity markets. Silver and platinum followed gold higher. Soyabean products followed soyabeans. Cocoa staged a sharp rally. Cotton moved ahead considerably. Only wheat and maize finished with an uncertain undertone, our staff reports.

Cocoa—March 129.15 (132.50), May 129.00 (123.50), July 127.55, Sept 124.10, Dec. 121.00, March 118.80, May 116.40, July 114.85 settlements. Sales: 1,733.

Coffee—"C" Contract. March 154.00-155.00 (154.00). May 162.10-162.25 (163.75), July 159.15-150.20, Sept. 144.55-145.00, Dec. 130.00, March 125.50-125.00, May 123.76, July 122.00. Sales: Not available.

Copper—*Feb.* 53.10 (55.40), March 55.10 (55.60), April 55.60, May 56.10, July 57.10, Sept. 58.10, Dec. 59.60, Jan. 60.10, March 61.10, May 62.10, July 63.10, Sept. 64.10, Dec. 65.60 settlements. Sales: 11,400 lots.

Cotton—No. 2: March 55.15 (54.70), May 56.75-56.80 (55.57), July 57.50-57.55, Oct. 58.55, Dec. 59.55, March 60.65-60.75, May 61.35-61.45, July 61.40-62.00. Sales: 425,000 bales.

***Gold**—Feb. 152.50 (150.50), March 153.50 (150.80), April 154.60, June 157.30, Aug. 190.00, Oct. 192.70, Dec. 195.40, Feb. 198.20, April 201.20, June 204.20, Aug. 207.20, Oct. 210.20, Dec. 213.20 settlements. Sales: 14,000 lots.

†**Lard**—Chicago loose 21.00 (20.75). New York prime steam not available.

‡**Maize**—March 226-226 (226), May 230-230 (230), July 229-229, Sept. 227, Dec. 227-227, March 235.

§**Platinum**—April 232.60-232.90 (228.70), July 236.50-237.50 (232.60), Oct. 241.10-241.20, Jan. 244.40-244.50, April 249.50-249.50, July 253.30-255.30. Sales: 2,127 lots.

***Silver**—Feb. 499.40 (497.00), March 499.60 (497.40), April 501.50, May 507.30, July 514.90, Sept. 522.50, Dec. 534.30, Jan. 538.20, March 546.10, May 554.00, July 561.90, Sept. 569.90, Dec. 581.90 settlements. Sales: 10,000 lots. Handy and Harman spot bullion 501.50 (500.50).

Soyabeans—March 580-581 (570), May 589-590 (583), July 594-594, Aug. 595, Sept. 584-585, Nov. 585-584, Jan. 590-590, March 598.

‖**Soyabean Meal**—March 151.70-151.80 (151.60), May 155.00-155.50 (155.30), July 157.90-157.80, Aug. 158.70, Sept. 159.20-159.00, Oct. 157.30, Dec. 159.20-159.70, Jan. 161.00, March 163.00-164.00.

Soyabean Oil—March 22.00-22.07 (21.32), May 21.90-21.95 (21.45), July 21.90-21.80, Aug. 21.60, Sept 21.40, Oct. 20.90-21.00, Dec. 20.75-20.85, Jan. 20.75, March 20.75-20.80.

Sugar—No. 11 Contract: March 8.60-8.62 (8.54), May 9.01-9.02 (8.95), July 9.25-9.27, Sept. 9.45-9.46, Oct. 9.54, Jan. 9.55-9.80, March 10.10-10.25, May 10.40-10.44, July 10.55-10.65. Sales: 2,530 lots.

Tin—542.00-550.00 asked (556.50 asked).

****Wheat**—March 258, (261), May 263-263 (267), July 265-265, Sept. 266, Dec. 277, March 284.

WINNIPEG, Feb. 23. ††**Rye**—May 107.60 bid (107.50 bid), July 105.30 bid (105.60 asked), Oct. 106.50 bid, Nov. 106.20 traded.

††**Oats**—May 75.30 bid (76.40 bid), July 73.70 (same), Oct. 72.20 bid.

††**Barley**—May 79.60 (78.90 bid), July 78.40 bid (78.40 bid), Oct. 77.90 bid.

§§**Flaxseed**—May 219.00 bid (214.00 bid), *July 222.00 bid (216.20),* Oct. 224.20 bid, Nov. 224.00 bid.

‡‡**Wheat**—SCWRS 13.5 per cent. protein content cif St. Lawrence 150.37 (151.67).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ‡‡ $C per tonne.

ART GALLERIES

PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS

SILVER

COFFEE

COCOA

GRAINS

MEAT/VEGETABLES

STOCK EXCHANGE REPORT

Dull equities immune to disappointment from ICI

Share index 4.4 down at 445.5 for nine-day loss of 25.5

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 30	Feb. 9	Feb. 10	Feb. 21
Feb. 13	Feb. 23	Feb. 24	Mar. 7
Feb. 27	Mar. 9	Mar. 10	Mar. 21

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Quietly uncertain, awaiting the fourth-quarter results from ICI, leading equities gradually eased after the announcement on the view that although the figures were disappointing they were not sufficiently bad to further undermine sentiment. Having lost 14 earlier in the Account, ICI shares shed 4 more to 336p and fairly reflected the equity market as a whole.

Having gained 1.5 at the 10 a.m. calculation on thoughts that a technical rally might be in the offing, the FT 30-share share index fell away progressively and closed at the day's lowest with a loss of 4.4 at 445.5 for a drop of 25.5 in the last nine days. Better-than-expected results from Barclays Bank made no real impact on sentiment, recent gloom about industrial manufacturers being deepened by Hoover's profits fall, while current fears about the state of the shipping industry provided another adverse influence.

A rise of 0.36 in the Government Securities index flattered the closing tone of this market which turned reactionary in the inter-office trade. Overall, business remained small with official markings of 5,227 exactly matching Wednesday's and bringing the daily average for the week so far to 4,855 against the comparable 5,945 of last week.

Falls in FT-quoted Industrials outnumbered rises by 5-to-2 compared with 13-to-2 the previous day and very few of the FT-Actuaries group and sub-sector indices managed to move against the general trend. The All-share index gave up a little more ground to 195.32.

Funds unsettled late

Small investment buying made an impression on British Funds on a longer maturity before the market again showed its underlying vulnerability in reacting swiftly during inter-office trading on a bout of liquidation, part of Market views that the gradual improvement in official business hours was an encouraging event after the volatility of recent weeks were dashed in the turnround which stemmed from remarks, reportedly taken out of context, in the House of Commons by the Chancellor who made a brief supplementary answer to a question on money aggregates. Gains that had been achieved in slow stages culminating with an overall movement of ½ among high-coupon longs were often replaced by falls extending to ½ before an even keel was restored late in the evening. Within a narrow range, the behaviour of the shorts was similar before they too settled virtually unaltered on the day, after rises to ⅛; the chances of a new short tap issue being announced to-day were considered fairly evenly balanced. Corporations retained their upward momentum, fresh gains to ⅛ occurring, but selected Southern Rhodesian bonds eased on sporadic offerings and the 2½ per cent. 1965-70 lost 2 points to £62.

A combination of arbitrage offerings on Far Eastern account and sterling's better performance in foreign exchange markets lowered rates in livelier afternoon investment currency trading. But after falling to 81 per cent., the premium rallied owing to renewed institutional support to close only a half-point down on the day at 81½ per cent. Yesterday's SE conversion factor was 0.7324 (0.7304).

Merchant Banks down

Because of the current turmoil within the Shipping industry and the substantial interests it has in that field, Hambros encountered selling and fell away to close 13 down on the day at 158p. Other Merchant Banks' gave ground in sympathy with Schroders down a further 20 to 365p in a thin market and Guinness Peat 5 lower at 198p. Kleinwort Benson were also 5 cheaper at 95p, and Mercury Securities declined 3 to 109p. Elsewhere, Barclays touched 313p following the better-than-expected preliminary profits but ran back to finish unaltered at 308p. Lloyds receded 6 to 256p and NatWest gave up 5 to 258p: the latter's annual figures are due next Tuesday. Midland softened 2 to 330p: the balance of the new shares (just over 17 per cent.) not taken up by shareholders following the recent rights issue, were successfully placed with various institutions at one per cent. above par.

Composite Insurances gave further ground in thin trading. Sun Alliance lost 13 to 523p. Royals declined 10 to 356p and Guardian Royal Exchange cheapened 8 to 220p. Ahead of Monday's preliminary results, Commercial Union shaded 2 to 138p.

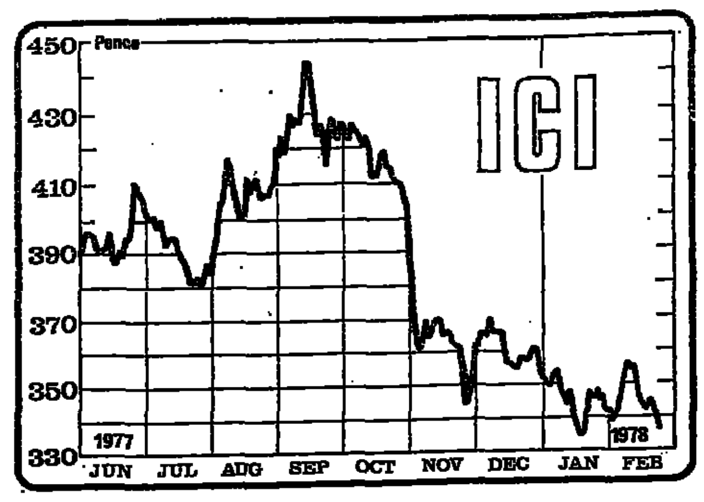
Breweries were idle and featureless, A. Guinness losing 2 more to 161p and Matthew Clark 4 to 142p.

Buildings again failed to attract any buying interest and drifted lower. BPB Industries declined 6 to 212p and Burnett and Hallamshire shed 5 to 160p, while John Mowlem cheapened 2 to 125p as did Higgs and Hill to 78p. AP Cement were also 2 off at 232p, after 231p, and London Brick softened a penny to 63½p. By way of contrast, Wilson (Connolly) hardened 2 to 128p on renewed demand in a thin market, while H. and R. Johnson-Richards Tiles moved up 5 to 331p.

A couple of pence easier ahead of the announcement, ICI eased further after the fourth-quarter figures to close 4 off at 336p. Elsewhere is Chemicals, Fisons, 350p, and Blagden and Noakes, 218p, declined 5 and 4 respectively.

Home Charm dull

Sporadic offerings in an unwilling market made for another dull day in Stores. Gussies A shed 6 to 260p and Marks and Spencer cheapened 4 to 136p as did Mothercare to 148p. Combined English eased 3 to 76p and House of Fraser were 2 lower at 128p. Elsewhere, Jewellery issues were again vulnerable with Ratners 4 off at 95p and H. Samuel A 3 lower at 257p. Mail Orders continued to reflect recent adverse comment and Empire gave up 6 more to 138p while Grattan Warehouses declined 4 to 111p and Freemans 2 to 244p. Home Charm fell 8 to 110p in a thin market. Still drawing strength from the capital proposals and accompanying dividend and profits forecast, John Menzies moved up 2 more to 315p. In Shoes, Newbold and Burton, at 45p, recorded a Press-inspired improvement of 1½.



Apart from GEC, down 5 at 246p on sporadic offerings, the Electrical leaders held up reasonably well. Elsewhere, H. Wigfall continued to reflect the absence of an increased offer from Comet Radiovision and eased 4 more to 210p. Muirhead gave up 5 to 168p and MK Electric 8 to 157p, but Allied Insulators held steady at 63p after the annual results.

Falls in the Engineering majors were limited to a few pence. Hawker Siddeley eased 2 to 178p and Tubes were similarly cheaper at 364p. GKN, however, steadied after the previous day's relapse on the German Supreme Court's ruling against the Sachs deal and closed without alteration at 265p. Elsewhere, Neepsend responded to the interim results with a rise of 2½ to 41½p and Johnson Firth Brown hardened a penny to 61p after the half-yearly statement. On the other hand, Manganese Bronze encountered selling and reacted to 78p before settling at 79p for a fall of 7 on balance. Adverse Press mention prompted a fall of 3½ to 156½p in Pegler Hattersley, while falls of 4 were sustained by Marlonair, 136p, Weir Group, 111p, Whitehouse, 80p, and Amalgamated Power, 114p. Among smaller-priced issues, Metalrax gave up 3 at 33p and G. M. Firth were a like amount down at 28p, but speculative demand lifted C. H. Bailey ½ to 7½p.

Foods closed with the occasional small fall after a light trade. Cadbury Schweppes gave up a penny at 51½p despite the proposed purchase of the American confectionery concern Peter Paul, while British Sugar eased 5 to 435p reflecting the downturn in world sugar prices. Amos Hinton reacted 4 to 65p, but Squirrel Horn finished 2 better at 39p, after 42p, reflecting the increased dividend and profits.

Press comment failed to sustain Grand Metropolitan which eased 2 to 91p. Pontin's, however, were a shade better at 37½p.

Wilkinson Match up

Already a shade easier in front of ICI's disappointing trading statement, miscellaneous industrial leaders were marked down further on the announcement and generally closed at, or near, the day's lowest after a minimal trade. Glaxo fell 8 to 527p and Boots 6 to 186p. Turner and Newall were 6 off at 197p: the preliminary figures are due next Thursday. BOC International, 64p, displayed resilience, recovering a penny of the recent fall which followed the poor first-quarter profits and the warning from the chairman that the group will not maintain the earnings growth of recent years. Elsewhere, Wilkinson Match were a firm counter and rose 10 to 175p in response to the dividend and profits forecast which accompanied details of the group's proposed acquisition of True Temper, a subsidiary of Allegheny. Speculative buying fuelled by revived bid hopes prompted a gain of 4 to 77p in Gomme, while Vinten also rose 4 to 91p for a similar reason. Gripperods put on 4 to 51p and Harcourt Irish moved up 5 to 39p in a thin market. Hoover "A" touched 310p on the disappointing annual profits but picked up on the cautiously optimistic accompanying statement to close only 4 off at 323p. In sympathy with the current marked weakness in its associated concern Furness Withy, European Ferries lost 4 to 100p, after 99p.

Turner Manufacturing featured in Motors and Distributors section, falling to 98p on end-Account selling from frustrated speculators before closing 9 cheaper on balance at 99p. Lucas 254p: sentiment was not affected by news that AC Delco, a subsidiary of General Motors, is launching a maintenance-free battery.

Light selling coupled with the absence of support took the Property market slightly lower. Modest losses in the leaders included Land Securities, 2 cheaper at 205p, and MEPC, a penny off at 117p. Stock Conversion drifted down to close 4 cheaper at 236p and Haslemere were similarly lower at 227p. British Land failed to draw support from the reduced midway deficit and gave up 1½ at 32p.

Ultramar sold

British Petroleum traded quietly again and finished the day without alteration at 752p, but Shell drifted off to close 6 cheaper at 492p. Outside of the leaders, fears of repercussions from the recent slide in the Canadian dollar prompted selling of Ultramar, which fell away to 200p before settling at 202p for a net loss of 10. Among North Sea stocks, Oils Exploration dipped 16 to 206p accompanied by revived talk of a dry well. Siebens (U.K.) were also on offer and gave up 12 to 250p, while more modest losses of 4 were recorded in Clyde, 126p, Lasmo, 152p, and Tricentrol, 140p.

Stockjobbers Smith Bros. came to the fore in Financials, rising 4 to 56p on news of the marked profits recovery. Challenge Corporation, at 112p, recouped 3 of the previous day's loss of 4 which followed the interim figures, while small buying left Yule Catto 2 harder at 75p and West of England Trust 2½ higher at 41½p. S. Pearson contrasted with a reaction of 6 to 174p, and losses of 4 were seen in R. Kitchen Taylor, 70p, and Scottish and Mercantile A, 107p. Reflecting their shipping shareholdings, Scottish Cities Investment Trust A fell 6 to 160p and Fashion and General dropped 12 further to 128p.

Shippings remained a nervous market, sentiment being affected by the British Shipbuilders announcement that it had received several requests for the rescheduling of debt and Mr. Brian Shaw's (managing director of Furness Withy) comments on the Government policy of subsidising shipbuilders. Furness Withy reacted to 246p before rallying to close 20 down on balance at 254p for a loss of 40 so far this week.

Textiles drifted lower with Courtaulds closing 3 off at 116p, but Tobaccos staged a rise of 5 to 250p in BAT Industries Deferred.

Among South African Industrials, Abercom Investments fell 4 to 86p awaiting the interim results.

In Plantations, London Sumatra rose 4 to 117p on hopes of a revised bid from McLeod-Sipef.

Golds East afresh

South African Golds lost ground for the third consecutive trading day despite the further $1.75 rise in the bullion price to $183.125 per ounce—its highest closing level since February 26, 1975—which followed the continuing pressure on the U.S. dollar.

Golds fell away at the outset of trading as end of tax year selling from the Cape came into the market. This selling continued until the afternoon when the higher gold fixing reversed the trend and prompted a modest revival of local demand for Golds. U.S. interest was negligible.

Nevertheless the Gold Mines index was still 0.8 off at 157.1. Heavyweights closed with losses ranging to a half-point as in Randfontein, £33½, while the medium-priced issues showed Libanon 8 lower at 539p.

South African Financials were mixed. Anglo American Corporation eased 3 to 270p in front of the interim results, which were not known during market hours. De Beers reacted to profit-taking and closed 4 cheaper at 319p. UC Investments, however, hardened 3 to 232p.

Platinums staged a strong recovery in the afternoon following news that Rustenburg had lifted its producer price to $220 per ounce from $205. Rustenburg closed 3 higher on balance at 90p, after 86p. Lydenburg put on 2 to 61p, after 58p, and Impala hardened a penny to 78p, the last-named said on Tuesday that it was not considering increasing its metal price.

The only notable movement in London-registered Financials was the 4 improvement to 192p in Gold Fields, reflecting the firmness of the bullion price.

Elsewhere, heavy Cape selling lowered Cons. Murchison by 15 to 225p.

FINANCIAL TIMES STOCK INDIC

—	Feb. 23	Feb. 22	Feb. 21	Feb. 20	Feb. 17	Feb. 16
Government Secs.	75.09	74.73	74.97	74.73	74.66	74.71
Fixed Interest	77.67	77.81	77.81	77.72	77.63	77.66
Industrial Ordinary	445.5	449.9	454.6	458.0	459.3	455.0
Gold Mines	157.1	157.9	160.0	160.2	157.1	166.6
Ord. Div. Yield	6.00	5.94	5.89	5.85	5.84	5.89
Earnings Y'ld % (full) (*)	18.01	17.94	17.95	17.83	17.79	17.94
P/E Ratio (net) (*†)	7.83	7.90	7.85	7.93	7.93	7.87
Dealings marked	5,227	5,227	4,762	4,204	4,589	5,577
Equity turnover £m.	—	58.93	52.14	46.06	55.09	69.63
Equity bargains total	—	12,644	11,349	10,197	11,598	14,891

10 a.m. 451.4. 11 a.m. 448.7. Noon 447.8. 1 p.m. 447.2. 2 p.m. 446.4. 3 p.m. 445.9.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=7.78.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/11/75)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACT

	Feb. 23
—Daily	
Gilt-Edged	192.9
Industries	173.7
Speculative	36.4
Totals	119.0
5-day Average	
Gilt-Edged	186.4
Industrials	157.8
Speculative	42.7
Totals	109.5

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (13)

BUILDINGS (1)
Wilson (Connolly)
CINEMAS (1)
Grampian A
STORES (1)
Menzies J.
ENGINEERING (3)
Cooper (F.) Habit Precision Eng.
Dartmouth Invs.
FOODS (1)
Squirrel Horn
INDUSTRIALS (1)
Vinten Group
SHOES (1)
Newbold & Burton
TRUSTS (1)
Govett European
RUBBERS (1)
Moar River
TEAS (1)
Blantyre
MINES (1)
Welkom

NEW LOWS (13)

BANKS (1)
Moorgate Mercantile
ENGINEERING (1)
Firth (G. M.)
INDUSTRIALS (3)
Imp. Cont. Gas Sangers
Monsanto Sec 82-86
SHIPPING (3)
P. & O. Dfd. Runciman
Reardon Smith
TEXTILES (1)
Carpets Intl.
OILS (1)
LASMO
OVERSEAS TRADERS
Jamaica Sugar Ocean Wi
MINES (1)
B.H. South

Rises and F yesterda

	Up
British Funds	55
Corpns. Dom. and Foreign Bonds	12
Industrials	160
Financial and Prop.	38
Oils	5
Plantation	7
Mines	28
Recent Issues	3
Totals	312

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 21	Mar. 6	May 25	Jun. 7
Mar. 7	Mar. 20	Jun. 8	Jun. 21
Mar. 21	Apr. 10	Jun. 22	Jul. 5

For rate indications see end of Share Information Service

Money was given for the call of Lonrho, Wilmot-Breeden, Rio Tinto-Zinc, Burmah Oil, Savoy "A" Viking Oil, Charterhall, Cons. Gold Fields, Turner and Newall, BP, P and O Deferred, Pan-continental, Grand Central Investment, Brittania Arrow, UDT, New Throgmorton Capital, GKN, ICI, Furness Withy, Orme Developments, Grand Met, Pacific Copper, Kitch Talbex, SPLIT Capital, vest Capital, Town Properties, British Lan Transport and Ladbro rants. Puts were deal ICI, LOF's, Reardon Sm James Walker, Roberts Ultramar, Erskine Ho and Lyle, Premier Cons Drilling and S. Lebo while doubles were ar J. Sainsbury, Charter Lovell, P and O Deferr Metropolitan, Cons. Go Talbex and Reardon S Short-dated puts were in BPB and ICI.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BP	£1	10	752	—	966	750
Shell Transport	25p	10	492	−6	635	454
BATs Defd.	25p	9	250	+5	260	202
Beecham	25p	8	615	−5	693	372
European Ferries	25p	8	100	−4	116	53½
GEC	25p	8	246	−5	284	163
Grand Metropol.	50p	8	91	−2	109	62
Marks & Spencer	25p	8	136	−4	173	96
Royal Insurance	25p	8	356	−10	490	280
Boots	25p	7	186	−6	244	115
Cons. Gold Fields	25p	7	192	+4	224	137
ICI	£1	7	336	−4	446	325
Assoc. Dairies	25p	6	217	−1	205	141
BOC Intl.	25p	6	64	+1	83¾	62½
Imperial Group	25p	6	73	—	86	64

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e), reproduced to-day in Stock Exchange dealings.

FOOD PRICE MOVEMENTS

		Feb. 23 £	Week ago £	Month ago £
BACON:	Danish A.1 per ton	1,030	1,030	1,030
	British A.1 per ton	1,005	1,005	1,005
	Irish Special per ton	1,005	1,005	1,005
	Ulster A.1 per ton¶	1,005	1,005	1,005
BUTTER:	NZ per 20 lbs	10.94/11.05	10.94/11.05	10.94/11.05
	English per cwt†	65.27	65.27	63.03
	Danish salted per cwt†	70.15/72.41	70.15/72.41	70.15/71.43
CHEESE¶:	NZ per tonne	1,161.50	1,161.50	1,161.50
	English cheddar trade per tonne	1,219.42	1,219.42	1,219.42
EGGS*:	Home-produce—			
	Size 4	3.60/4.00	3.40/3.90	3.90/4.40
	Size 2	4.10/4.70	3.70/4.40	4.30/4.80
		Feb. 23 p	Week ago p	Month ago p
BEEF:	Scottish killed sides (ex-KKCF)	50.0/53.0	49.0/52.0	46.0/49.5
	Eire forequarters	—	—	33.0—36.0
LAMB:	English	50.0/55.0	47.0/53.0	48.0/52.0
	NZ PLs-PMs	44.0/46.0	44.0/46.0	45.0/47.0
MUTTON:	English ewes	—	—	—
PORK:	(all weights)	36.0/43.0	34.0/42.0	32.0/42.0
POULTRY:	Broiler chickens	31.0/35.0	30.5/34.5	30.0/34.0

* London Egg Exchange price per 120 eggs. † Delivered. ¶ For delivery February 25-March 4.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
—	—	—	—	—	—	—	—	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price £	+ or −
£21	F.P.	20/2	140	132	Automated Sec. 8% Cnv. Cum. Pref.	132	
—	F.P.	24/2	[illegible]	[illegible]	Batleys of Yorkshire 10½% Cnv. Pref.	105p	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Castleway 11% Cnv. Pref.	106p	−3p
£99	F.P.	3/5	101	[illegible]	Grampian Reg. 10% 1986	101	
£100	F.P.	—	[illegible]	[illegible]	Hereford's Notes 1983	£97	
£100	F.P.	—	[illegible]	[illegible]	[illegible]	£97	
£100	£50	[illegible]	[illegible]	[illegible]	Do. 8% 1990	50	
£100	£50	24/5	[illegible]	[illegible]	Kensington & Chelsea 11½% 85-87	52	
—	F.P.	—	[illegible]	[illegible]	Do. Variable 1983	100	
£100	F.P.	—	100	100	Leicester Variable 1982	100	
£5	nil	28/4	10	10	Pearson 5½ Cnv. Pref. 1983-86	10	
£100	F.P.	—	[illegible]	[illegible]	Rowntree Intl. 10% 1984	[illegible]	
—	F.P.	—	[illegible]	[illegible]	Sports Intl. Fin. N.V. 15% Gtd. Notes 1990	99	+1
—	F.P.	—	[illegible]	[illegible]	Sport Intl. Fin. N.V. 13½% Gtd. Notes	[illegible]	+1
£99¾	F.P.	—	[illegible]	[illegible]	Tameside Variable 1983	[illegible]	
£99¼	£10	26/4	[illegible]	[illegible]	Do. 10% Red. 1988	10	
—	F.P.	24/2	109p	104p	Whitehouse 10½% Cum. Pref.	104p	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −
65	nil	1/3	31/3	21pm	19pm AGB	20pm	
70	nil	17/3	[illegible]	[illegible]	Beaumont Properties	20pm	
50	F.P.	—	[illegible]	[illegible]	Caledonian	59	
$A1.75	F.P.	24/2	[illegible]	[illegible]	Comm. Bank of Australia	190	
10	F.P.	[illegible]	[illegible]	[illegible]	Crystalate	101pm	+5
10	nil	[illegible]	[illegible]	[illegible]	G.R.C. International	36	
21	F.P.	20/2	26/3	[illegible]	Manchester Garages	38	
330	F.P.	21/2	41/3	347	Midland Bank	335	+2
$A1.75	F.P.	17/2	[illegible]	[illegible]	National Bank of Australasian	192	
64	F.P.	17/2	[illegible]	[illegible]	Scott Hotels	90	
56	F.P.	3/2	[illegible]	[illegible]	Prestic Harkin	82	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. a Forecast dividend; cover based on previous year's earnings. * Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ¶ Placing price to public. pt Pence unless otherwise indicated. § Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. ¶¶ Minimum tender price. †† Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Ac and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs., Feb. 23, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. Feb. 22 Index No.	Tues. Feb. 21 Index No.	Mon. Feb. 20 Index No.
1	CAPITAL GOODS (170)	194.48	−0.8	18.23	5.99	7.73	196.12	198.70	199.68
2	Building Materials (27)	172.15	−0.6	17.73	6.15	8.04	173.16	175.11	175.68
3	Contracting, Construction (26)	308.71	−0.1	18.66	4.12	7.80	309.08	315.28	315.79
4	Electricals (15)	417.35	−1.6	15.87	4.24	9.03	424.01	427.84	432.63
5	Engineering Contractors (14)	278.96	−0.6	17.80	7.23	7.70	280.77	284.17	284.34
6	Mechanical Engineering (71)	154.28	−0.7	19.81	6.63	7.17	155.44	157.13	157.85
8	Metals and Metal Forming (17)	156.64	−0.5	20.05	8.72	6.59	157.46	161.76	161.88
	CONSUMER GOODS								
11	(DURABLE) (53)	178.78	−0.8	19.07	5.20	7.59	180.16	182.84	183.03
12	Lt. Electronics, Radio TV (15)	214.72	−0.7	16.60	3.87	8.71	216.22	218.05	219.21
13	Household Goods (12)	164.27	−0.3	19.16	7.22	7.12	164.80	166.39	166.55
14	Motors and Distributors (26)	109.07	−1.0	22.97	6.82	6.40	110.16	111.68	112.42
	CONSUMER GOODS								
21	(NON-DURABLE) (170)	183.45	−0.9	17.41	6.28	8.06	185.20	186.65	187.52
22	Breweries (14)	206.77	−0.5	15.74	6.40	9.63	207.80	210.66	210.61
23	Wines and Spirits (6)	233.96	−1.1	17.68	6.14	8.58	236.61	236.06	235.51
24	Entertainment, Catering (16)	233.08	−1.0	18.00	7.37	8.13	235.47	239.46	240.79
25	Food Manufacturing (22)	178.02	−0.7	22.22	5.99	6.36	179.29	180.12	180.56
26	Food Retailing (16)	183.41	−0.5	15.01	4.98	9.62	184.29	184.96	185.42
32	Newspapers, Publishing (13)	308.72	−0.7	10.89	4.04	13.65	310.88	312.09	314.88
33	Packaging and Paper (15)	120.67	−0.2	21.87	9.63	6.57	120.85	121.29	122.03
34	Stores (38)	167.08	−2.2	11.49	4.73	13.65	170.92	172.78	174.50
35	Textiles (25)	168.30	−1.4	20.75	7.95	6.10	170.67	171.67	172.25
36	Tobaccos (3)	224.91	+1.1	24.65	8.32	4.82	222.42	223.08	223.08
37	Toys and Games (6)	96.61	−0.3	21.36	6.15	6.26	96.85	98.20	97.99
41	OTHER GROUPS (97)	177.50	−0.9	17.86	6.12	7.61	179.15	180.64	182.17
42	Chemicals (19)	243.22	−0.7	20.40	6.91	6.90	244.99	247.05	248.36
43	Pharmaceutical Products (7)	237.23	−0.9	11.60	4.18	11.06	239.28	239.63	241.53
44	Office Equipment (6)	122.54	−0.7	22.42	5.04	5.91	123.40	123.70	124.31
45	Shipping (10)	413.07	−2.1	23.84	7.69	4.97	421.91	429.86	430.00
46	Miscellaneous (55)	184.70	−1.0	17.06	6.61	8.32	186.47	188.79	189.85
49	INDUSTRIAL GROUP (490)	190.59	−0.9	17.85	6.09	7.83	192.32	194.13	195.24
51	Oils (4)	430.53	−0.6	16.17	4.55	7.52	433.17	435.78	435.26
59	500 SHARE INDEX	210.63	−0.9	17.60	5.86	7.78	212.44	214.34	215.35
61	FINANCIAL GROUP (100)	156.08	−1.4	—	5.67	—	158.22	159.99	160.86
62	Banks (6)	176.46	−1.2	26.24	5.97	5.80	178.54	180.10	181.79
63	Discount Houses (10)	194.85	−0.3	—	8.47	—	195.39	196.95	196.71
64	Hire Purchase (5)	144.41	−1.0	12.71	5.43	11.64	145.82	149.04	149.83
65	Insurance (Life) (10)	131.53	−1.3	—	6.30	—	133.29	134.15	133.77
66	Insurance (Composite) (7)	120.80	−2.3	—	6.66	—	123.66	125.76	125.94
67	Insurance Brokers (10)	309.07	+0.1	13.87	4.44	10.54	308.68	310.60	310.46
68	Merchant Banks (14)	72.52	−3.3	—	6.59	—	75.02	76.60	76.15
69	Property (31)	228.40	−0.9	2.97	3.81	64.01	230.37	232.18	235.32
70	Miscellaneous (7)	101.82	−0.3	25.30	7.72	5.48	102.11	103.84	104.82
71	Investment Trusts (50)	180.27	−0.4	3.46	5.21	28.90	181.04	182.28	182.28
81	Mining Finance (4)	88.48	+0.4	17.62	6.62	6.60	88.16	88.61	88.95
91	Overseas Traders (19)	267.32	+0.2	17.67	7.53	7.95	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	195.32	−0.9	—	[illegible]	—	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Feb. 23	Day's change %	xd adj. to-day	xd adj. 1978 to date
1	Under 5 years	108.12	+0.07	0.25	2.18
2	5-15 years	128.50	+0.54	—	1.45
3	Over 15 years	127.27	+0.49	0.06	2.22
4	Irredeemables	143.13	+0.56	—	1.65
5	All stocks	117.95	+0.35	0.13	1.99

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Thurs. Feb. 23
1	Low	5 years	[illegible]
2	Coupons	15 years	[illegible]
3		25 years	[illegible]
4	Medium	5 years	[illegible]
5	Coupons	15 years	[illegible]
6		25 years	[illegible]
7	High	5 years	[illegible]
8	Coupons	15 years	[illegible]
9		25 years	[illegible]
10	Irredeemables		[illegible]

		Thurs., Feb. 23 Index No.	Yield %	Wed. Feb. 22	Tues. Feb. 21	Mon. Feb. 20
15	20-yr. Red. Deb. & Loans (15)	60.91	12.19	61.19	61.27	61.25
16	Investment Trust Prefs. (15)	57.13	12.57	57.17	57.06	57.06
17	Coml. and Indl. Prefs. (20)	77.27	11.75	77.62	77.27	77.23

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 22p.

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Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key Inv. Plan	148 6	144.9	.....	—
Small Co's Fd.	95.0	100.0	.....	—
Technology Fd.	95.0	100.0	.....	—
Extra Inc. Fd.	95.0	100.0	.....	—
American Fd.	95.0	100.0	.....	—
Far East Fd.	95.0	100.0	.....	—
Gilt Edged Fd.	95.0	100.0	.....	—
Con. Deposit Fd.	95.0	100.0	.....	—

BASE LENDING RATES

..k	6½%	■ Hill Samuel §	6½%
..a Banks Ltd.	6½%	C. Hoare & Co. †	6½%
..Express Bk.	6½%	Julian S. Hodge	7½%
..	6½%	Hongkong & Shanghai	6½%
..Ltd.	6½%	Industrial Bk. of Scot.	6½%
..bacher	6½%	Keyser Ullmann	6½%
..Bilbao	6½%	Knowsley & Co. Ltd.	9 %
..edit & Cmce.	6½%	Lloyds Bank	6½%
..prus	6½%	London & European	8½%
..S.W.	6½%	London Mercantile	6½%
..ge Ltd.	6½%	Midland Bank	6½%
..Rhone	7 %	■ Samuel Montagu	6½%
..ank	6½%	■ Morgan Grenfell	6½%
..ristie Ltd.	8½%	National Westminster	6½%
..oldings Ltd.	7½%	Norwich General Trust	6½%
..of Mid. East	6½%	P. S. Refson & Co.	6½%
..pley	6½%	Rossminster Accept'cs	6½%
..rmanent AFI	6½%	Royal Bk. Canada Trust	6½%
..C Fin. Ltd.	9 %	Schlesinger Limited	6½%
..	7 %	E. S. Schwab	8½%
..dings	8 %	Security Trust Co. Ltd.	7½%
..se Japhet	6½%	Shenley Trust	9½%
..es	7½%	Standard Chartered	6½%
..d Credits	6½%	Trade Dev. Bank	6½%
..e Bank *	6½%	Trustee Savings Bank	6½%
..Securities	6½%	Twentieth Century Bk.	7½%
..onals	6½%	United Bank of Kuwait	6½%
..Popular Bk.	6½%	Whiteaway Laidlaw	7 %
..wrie †	6½%	Williams & Glyn's	6½%
..t	6½%	Yorkshire Bank	6½%
..anscont	8 %		
..on Secs.	6½%		
..Fin. Corpn.	8½%		
..Secs. Ltd.	8 %		
..ls	6½%		
..Guaranty	6½%		
..Bank ‡	6½%		
..ahon	6½%		
..ank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

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Kemp-Gee Capital	82.2	80.8	...	—
Kemp-Gee Income	64.6	66.4	...	6.00

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US12.75	-0.03	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ⊕ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 444-449

INSURANCE BASE RATES

† Property Growth	7½%
Cannon Assurance	4½%
† Vanbrugh Guaranteed	7.25%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977-78 High	Low	Stock	£	+ or −	Yield Int.	Yield Red.
104¼	97⅝	Treasury 10½pc '78	101⅛	−⅛	10.31	5.71
100⅝	90⅞	Elec. 5pc '76-79	99¼xd		5.04	6.32
107	95¼	Treasury 11½pc '79	104⅛xd	−⅛	11.01	7.02
97¼	89⅜	Treasury 3pc '79	97xd		3.09	5.02
96¾	85⅝	Electric 4¼pc '74-79	97¼xd	−⅛	4.35	5.75
106⅞	92	Treasury 10½pc '79	103⅛	+⅛	10.24	8.14
97⅝	85⅞	Electric 3½pc '76-79	96		3.65	5.97
107	87¼	Treasury 9pc 1980	101⅞xd		8.83	7.99
105¼	86⅝	Treasury 9½pc '80	101¾		9.34	8.61
96	82⅞	Treasury 3½pc '77-80	94⅛		3.72	6.27
95¼	83⅞	Funding 5¼pc '78-80	95⅝		5.49	7.34
112⅜	96⅞	Exchequer 13pc 1980	108⅛		12.03	9.57
108⅝	92⅝	Treasury 11½pc 1981	104⅞		10.97	9.54
91¼	77⅝	Treasury 3¼pc 1979-81	90⅛	+⅛	3.86	7.00
104	85⅞	Treasury 9¾pc 1981	101xd		9.65	9.39
97⅜	85⅛	Exch. 8¼pc 1981	96¾		8.53	9.41
105¼	97⅛	Exch. 9½pc 1981	100⅛		9.49	9.48
92⅛	87⅛	Exch. 3pc 1981	87¾		3.42	7.02
95⅞	96⅛	Treas. Variable '81	96⅛	−⅛	6.69	7.46
113⅞	96¼	Exch. 12¼pc 1981	109	+⅛	11.70	9.80
100⅝	82⅞	Treas. 8½pc 80-82	97½	−⅛	8.72	9.27
88¼	71⅝	Treasury 3pc '82	86⅛		3.49	7.08
119⅞	101⅝	Treasury 14pc '82	113⅜xd		12.35	9.92
95⅝	95⅛	Treas. Variable '82	96		6.74	7.57
95⅞	95⅛	Treasury 8¼pc '82	95⅛	−⅛	8.62	9.46
102⅝	97⅝	Exch. 9¼pc 1982	98⅝xd	+⅛	9.37	9.59
67⅝	31	Exch. 3pc '83	83		3.61	7.10

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 36¼% (based on $US1.9645 per £)

Conversion factor 0.7324 (0.7304)

CANADIANS

S.E. List Premium 36¼% (based on $2.1800 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

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TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
195	70	Falcon Rh.50c	192	+2	Q50c	1.3	24.2
24	9	Rhod'n Corp. 16⅔p.	21	......	0.57	4.3	4.1
165	52	Roan Cons. K4	73	......	—	—	—
164	115	Tanganyika 50p	138	......	Q11.0	1.1	8.8
80	70	Do. Pref. 80p	78	......	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	38	......	Q7½c	1.4	16.8

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
115	58	Coloy Mines SC1	72	......	—	—	—
600	225	Cons. Murch. 10c	225	-15	Q30c	ϕ	8.0
475	250	Northgate C$1	255	-5	—	—	—
247	169	R.T.Z.	173	-1	t6.5	q3.1	7.4
70	28½	Sabina Inds. C$1	35	+1	—	—	—
£14¼	800	Tara Exptn. $1	831	-6	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	120	Yukon Cons. C$1	120	......	Q7c	ϕ	3.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday February 24 1978

Barclays pre-tax profits rise by 35%

BY MICHAEL BLANDEN

BARCLAYS BANK yesterday announced a substantial increase in its profits for the past year. It is the second of the big four banks to report in the present results season.

The bank's pre-tax total rose by about 35 per cent. from £197.9m. to £267.6m. This was markedly higher than most City analysts expected, suggesting that the bank had done better than Lloyds, which produced its figures last week.

Suffered

In the stock market, bank share prices nevertheless suffered a slight setback, mainly as a result of the depressing effect of the Midland Bank rights issue. Barclays shares touched 313p at one time, but came back to end unchanged at 308p.

Midland shares closed 2p down, exactly on the rights issue price of 330p. The bank announced that 82.6 per cent. of the shares offered had been taken up and the rest sold at a premium.

Mr. Anthony Tuke, the Barclays chairman, reported that the bank's domestic clearing bank operations had seen a decline in profits in the second half of the year, as a result of the lower levels of interest rates and the modest increase in industry's demands for funds.

The bank indicated yesterday that domestic profits were *about 20 per cent. lower in* the second half, but slightly higher for the year as a whole.

Boosted

Barclays' results were boosted by the increase in the group's international operations and better performances by its specialised subsidiaries. These included Mercantile Credit, the instalment credit company, Barclays Merchant Bank and the Barclaycard operation, where profits were substantially better after a higher turnover and lending increase.

For the current year, the bank expected that interest rates will rise, but did not expect any great increase in the volume of lending, at least for the first six months.

Details, Page 29

Chrysler reports 61% fall in profits

BY JOHN WYLES

NEW YORK, Feb. 23.

CHRYSLER CORPORATION, Detroit's third biggest car manufacturer, to-day reported a 61 per cent. drop in profits last year when its main rivals, General Motors and Ford, achieved record sales and earnings.

Not only did Chrysler's net income tumble from $422.6m. (about £211m.) in 1976 to $163.2m., but the company suffered a $49.7m. loss in the fourth quarter.

To-day's figures are substantially worse than had been expected, largely because the fourth quarter loss was not foreseen.

Chrysler warned that this loss would be followed by another in the first quarter of this year, because of production losses due to severe weather and production costs associated with introducing new models.

Chrysler's income has traditionally been the most volatile of the big three, but has rarely been so seriously out of step with the industry's sales and earnings cycle.

Its poor performance will heighten anxieties about Chrysler's capacity to finance the *model changes and technological* developments needed to comply with federal fuel consumption and emission regulations—a programme which would require $7.5bn over the next five years.

After publication of its figures, Chrysler's stock was active on the New York stock exchange, closing at $11⅜, down more than 50 cents.

Chrysler attributed its earnings decline to increased costs due to inflation which had not been fully recovered, expenses associated with new product programmes, a decline in sales and *a six-week strike at the company's* Missouri truck plant.

Difficulties

The company said it had competed with General Motors and Ford with fewer resources and lower profit margins, and coped with difficulties imposed by the need to meet federal standards.

Capital investment was required "far beyond normal levels" and the company's engineering resources, upon which it had traditionally relied for its competitive edge, were being seriously squeezed.

The projected $7.5bn. expenditure *was double that of recent* years, Chrysler said.

Chrysler's earnings of $2.71 per share last year compared with $7.02 per share in 1976. Sales, however, increased from $15.5bn. to *$16.7bn. Last year's earnings* included a tax credit of $38.4m. as against a credit of $94.4m. in 1976.

Although Chrysler domestic car sales fell from 1.3m to 1.2m last year, earnings were badly affected by foreign operations.

The company's main hopes centred on its new front-wheel drive small cars—the Omni and *Horizon—introduced last month.*

These were the first U.S.-produced front-wheel drive cars to appear in the U.S. market, but they were in a sector heavily crowded with imports and existing small cars from Ford and General Motors.

Terry Dodsworth writes: Chrysler U.K. improved its performance substantially in the fourth quarter of last year to contain losses to £2.4m., after running up a *£19.1m* deficit in the first nine months of the year.

These results, achieved despite a three-week strike at its Linwood plant in Scotland and numerous component shortages, means that the company will overshoot the £20m. loss provision which it shares with the British Government by £1.5m.

The Government will bear £10m. of the £20m. loss, and Chrysler U.K. is to meet the rest from its own resources. Last year the Government met £40m. of the company's total £42.9m. loss.

It had seemed that Chrysler *would run up much larger losses* because of its output difficulties. But the company said last night that the Linwood plant had produced much more steadily since it returned to work in December and was now reaching about 75 per cent. of its target output of 2,800 cars a week.

China's plan for industrial power approved

By Yvonne Preston

PEKING, Feb. 23.

A 10-YEAR economic development plan, the cornerstone of China's bid to become a leading industrialised power, has been approved by the Central Committee of the Communist Party at a meeting that ended here to-day.

An official statement said the six-day meeting approved a draft constitution and a list of candidates for key posts in the State hierarchy, to be submitted to the fifth National People's Congress. This has its opening session on Sunday.

The congress is officially the highest policy-making body in China, though all significant decisions will have been taken by the central committee meeting.

Among announcements most keenly awaited is whether there will be a change of Premier. The post is held by Chairman Hua Kuo-feng, but he is expected to stand down to devote more time to Party affairs.

The two most likely contenders are both vice-chairmen of the Party, the rehabilitated Teng Hsiao-ping and China's finance expert, Li Hsien-nen.

The Congress must elect a *chairman to head its standing* committee. The post, roughly equivalent to Head of State, has been vacant since the death of Marshal Chu Teh, the former Chinese Red Army leader, in *1976.*

TV to London

In a dramatic departure from the secrecy prevailing since the *1950s, the opening ceremony of* the congress on Sunday will be televised and relayed by satellite to London and Tokyo.

By contrast the 3,000 delegates to the last congress three years *ago were brought to the Great* Hall of the People in the centre of Peking through the city's complex network of underground tunnels, and it had been in session for several days before outsiders got to hear of it.

No details of the economic plan, from 1976 to 1985 have been announced. China scrapped the first two years of its present plan, due to end in 1980.

The congress is expected to endorse the changes by Chairman Hua while declaring, as an official statement put it to-day, that China has overcome the "grave crisis" created by the "Gang of Four."

The composition of the *Fifth* Congress will be significantly different from the Fourth. Two-thirds of the provincial leaders were purged after the fall of the Gang of Four. The new delegates can be counted *on to* support the new leadership.

The congress will approve a new text for the national anthem, probably removing anti-Japanese themes. China and *Japan have just signed a $20bn* trade agreement.

Sydney Morning Herald.

THE LEX COLUMN

Export bonanza over for ICI

The City had been reluctant to lower its sights for ICI's pre-tax profits to below £500m. but after a depressed final quarter the group has only struggled to £483m. for 1977 against £540m. On a more realistic basis, before taking account of translation gains (1976) and losses (1977) on conversion of overseas current assets, the year still produced a modest gain from £482m. to £512m. But there is no disguising the fact that ICI's fortunes changed sharply for the worse after the second quarter when *profits of £189m. were recorded.* For comparison October-December contributed only £88m., and only a small part of this collapse can be accounted for by special factors like the omission of two months' profits (say £4m.-£5m.) of IMI, and the year-end impact of sterling's appreciation on the value of export debtors.

Part of the trouble lies, of *course, in the weakness of demand.* U.K. volume only recovered a little in the final quarter from the summer setback, and by the final quarter exports had completely run out of volume growth. In addition this recession has been compounded by the rise in sterling, which appears virtually to have wiped out export margins given that *sterling costs have continued to* drive higher.

Conditions seem likely to remain extremely difficult for at least the next couple of quarters. The U.K. economy should pick up a little, but the January trade figures suggested increasing import pressures in the home market for chemicals, and to make matters worse the higher price for natural gas supplies is now effective. Much will depend on whether a revival begins to appear in world trade growth later in the year. A yield of 7.6 per cent. provides a measure of support for the shares at 336p. But there can be no great confidence that revised outside estimates of £450m. or so pre-tax for the current year have yet been pushed [illegible] enough.

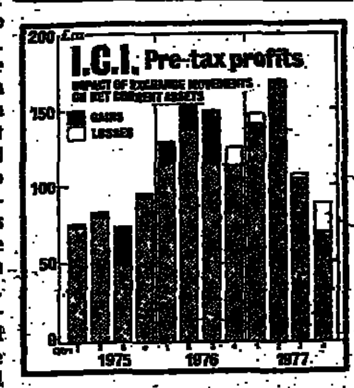
Barclays

Yesterday's exceptionally good figures from Barclays Bank were overshadowed in the market by the placing of the £17m. unsubscribed rump of the Midland Bank rights issue. *Notwithstanding a 35 per cent.* jump in pre-tax profits to £267.6m. Barclays' shares closed unchanged at 308p, and given that the group should be able to push profits higher this year a multiple of 5.1 looks conservative.

Nevertheless the strength of the performance is slightly puzzling. Of the £70m. increase in profits, Barclays Bank International contributed £28.7m., *Mercantile Credit £11.2m.* and Barclays Merchant Bank another £2.4m. That leaves £27m. unaccounted for.

During 1977 the average base rate *fell from around 11 per* cent. to about 9 per cent. and although there was a fractional widening in margins, domestic lending only rose by 8 per cent. while operating costs rose by roughly 12 per cent. Apparently domestic clearing bank profits, although 20 per cent. lower in the second half, rose slightly taking the year as a whole. Despite lower average interest rates net interest revenue increased—partly due to a better deposit mix and partly due to a recovery of some of the interest held in the interest suspense account. However, this cannot explain all the improvement and clearly fringe activities such as Barclaycard, which lost money in 1975, are starting to pay off handsomely.

Index fell 4.4 to 445.5



Wilkinson bid

There is nothing black and white about Wilkinson Match's bid for True Temper. Wilkinson's circular shows that the U.S. business has a dull sales record (7 per cent. compound growth *since 1973*) and a downright bad earnings history. It confirms that Wilkinson's other recent attempt to widen its range of consumer products—the $8m. purchase of a half share in Scripto in 1974—has not been a success. Closure costs on this operation in 1977-78 are likely to be upwards of £½m. after tax.

Above all, the circular does not allay the worries about potential conflicts of interest with Allegheny Ludlum, whose holding in Wilkinson will rise from 29 to 44 per cent. if the deal goes through.

On the other hand, the offer price represents only about half True Temper's net worth (after including a sizeable revaluation surplus) and is less than eight times last year's depressed earnings. The bid could give a significant boost to Wilkinson's earnings in 1978-79, and longer term Wilkinson remains convinced that the link with Allegheny will bring valuable benefits to its safety and protection business, as well as to the tools side.

Faced with such uncertainty, the traditionally negative *response of shareholders* has been either to accept their Board's advice, or sell out. So the pension funds' decision to retain a merchant bank—which is going to look over the business in the U.S.—is extremely welcome news. They will be doing an even better service if they disclose as much as possible about how they arrive *at their eventual decision.* Meanwhile, it would be as well to keep an open mind.

Hoover

Hoover's profits for 1977 are 28 per cent. down at £12.24m. pre-tax: but that is after a £3.85m. turnround to exchange losses of £1.48m., most of which came in the final quarter. So far there has been no sign of an improvement in trading conditions. Hoover has, nevertheless, done nothing to cut output; in fact employment has risen, and in consequence stocks have climbed substantially. S. Hoover's shares, at 323p, are something of a gamble on an improvement in U.K. sales this year—but not that much of a gamble: the balance sheet is still strong, the dividend—up by the maximum for a yield of 6.95 per cent.—would be covered ever on a CCA basis, and a p/e of 1 in part reflects a very conservative line on tax.

True Temper: team to visit U.S.

BY KEITH LEWIS

INSTITUTIONAL shareholders in Wilkinson Match are to seek further information about True Temper, the U.S. garden tools group which Wilkinson is proposing to buy from Allegheny Ludlum of Pittsburgh for £15m.

A two-man team from merchant bankers Hill Samuel, retained as advisers by an ad hoc committee of the National Association of Pension Funds, is due to fly out to the U.S. next week.

The trip will go ahead in spite of a formal offer document sent out to shareholders yesterday, which contains more details of the deal and incorporates a profit forecast for Wilkinson of £14m. before tax for the year ending March 31, 1978, and the promise of a 20.3 per cent. dividend increase.

Institutional concern centres on the degree of control that Allegheny, a specialist steels group, will be able to exert over Wilkinson Match.

If implemented, the original proposals would have given Allegheny a controlling vote of more than 51 per cent. of the equity capital, without a full bid having been made to all shareholders. A subsequent revision of the terms will mean that Allegheny will hold 44.43 per cent. of votes if the deal is approved—still considered by some to constitute "effective control."

Under the new terms, Wilkinson will issue 6.2m. Ordinary shares and pay $8m. for True Temper. This will raise Allegheny's holding in Wilkinson from 29 per cent., a stake acquired from Swedish Match.

The document shows that True Temper has had an indifferent financial record in recent years. Pre-tax profits dipped from $14.73m. in 1974 to $5.88m. the following year and in the past two years figures of $8.3m. and $6.7m. have been reported.

Mr. Denys Randolph, Wilkinson chairman, says in his letter recommending shareholders to approve the deal that under Wilkinson control "True Temper can soon establish a growth pattern in earnings."

No details of policy changes are contained in the document, though Wilkinson expects savings will be achieved through rationalisation of the product range.

There is also likely to be a shift away from the trade to the consumer end of the tools market.

The deal is seen by Wilkinson as a major step into North *America, which will be of benefit* to its consumer products.

The link with Allegheny is also expected to help Wilkinson gain orders for Government work and the Board of the U.S. company, headed by Mr. Robert Buckley, has further said that it intends to acquire companies in "related fields" to those in which Wilkinson operates.

Shareholders will be asked to approve the deal at an extraordinary meeting to be held on March 17 at which the institutional vote, representing around 30 per cent. of the equity, will be crucial. Wilkinson Match shares ended 10p higher last night at 175p.

NEB £1½m. for British Tanners

BY MARGARET REID

THE STATE-owned National Enterprise Board, already under fire for its partnership with Barrow Hepburn Group in British Tanners Products, is putting another £1½m. into the loss-making British Tanners to help it finance a slimming operation involving substantial redundancies.

The Board, which faces legal action from rival tanners for backing an unprofitable business, *is also paying £450,000 for a 4.8* per cent. shareholding in Barrow Hepburn, which itself is channelling £1½m. into the problem-vexed British Tanners. The State-owned board, whose rules require it to act commercially, last year put up £3m. when it took a 50 per cent. interest in British Tanners, a new company formed from the tanning interests of Barrow Hepburn, which owns the other 50 per *cent.*

The disclosure of the loss and impending job cuts at British Tanners—which, like other parts of the industry, faces tough import competition—came last night. The proposed further redundancies at British Tanners, which employs *2,000* and has announced the loss of *330* of the 450 jobs at its Bolton concern, William Walkers, are being discussed with the Industry Department and unions.

Mr Richard Odey, *chairman* of British Tanners and chief executive of Barrow Hepburn, said last night: "We are taking a look at the viability of the industry and of British Tanners. We are satisfied that we have a plan that will ultimately provide for the viability of British Tanners.

An attempt by the Enterprise Board to block a move by 14 tanning concerns to challenge *its partnership with Barrow Hepburn* in British Tanners was rejected in the High Court at the end of last month. The Board is appealing against this decision. The rival tanners claim the link had breached the Board's guidelines about commercial operation, to the detriment of the rest of the industry.

Barrow Hepburn is selling to British Tanners, for £500,000, three companies whose exclusive marketing service for British *Tanners' products has attracted* criticism. Barrow is also not going ahead with a previously announced deal in France, which has not yet been approved by the French authorities.

Of the position of Barrow, whose 1977 results will be announced on March 8, Mr. Odey said yesterday: "To offset the problems of our U.K. leather associate, we have had growth in our other interests and this is *continuing.*"

Continued from Page 1

Steel

between the corporation and the Department of Industry.

● AN *apparent* lack of sensitivity as to the depth of the crisis.

● POLITICAL pressure, particularly a commitment to keep open plants scheduled for closure.

Richard Evans writes: Ministers received the select committee report with icy hostility yesterday and there is every prospect of another bruising conflict between the Government and backbenchers over the future of the report.

Some Ministers privately attacked the select committee for its lack of understanding of the steel industry and for its failure to investigate fully the implications of many of the recommendations, particularly those involving closures of steel works.

Demands for an early two-day debate on the implications of the report, from members of the select committee and from Conservative leaders, were stonewalled by Mr. Michael Foot, Leader of the Commons. An initial reaction might come from Mr. Eric Varley, Industry Secretary, on Monday, however, when the Industry Department is first in line for Commons questions.

But before holding a full-scale debate Ministers would prefer to await the Government statement on the future of the steel industry.

EEC support for refineries

BY DAVID BUCHAN IN BRUSSELS AND RAY DAFTER IN LONDON

THE EUROPEAN Commission is to give its formal blessing to two new U.K. oil refineries in an attempt to gain British Government support for plans to rationalise the European refinery industry.

The concession, made known yesterday by Sig. Guido Brunner, EEC *Energy* Commissioner, received a cool response in Whitehall. It seems likely that Mr. Anthony Wedgwood Benn, Energy Secretary, will continue to oppose the EEC proposals, which are aimed at reducing the Community's 60m. tonnes a year of surplus oil refining capacity.

The proposed measures, which would include withholding Community funds for refinery projects, was approved by the Commission on *Wednesday*. Sig. Brunner said that the EEC "would not stand in the way" of two new U.K. refineries: Cromarty Petroleum's complex now under construction at Nigg Bay in Scotland, and Occidental's partly-built unit on Canvey Island in the Thames Estuary.

The British Government has made clear its determination to see these two projects progress as part of its plans to upgrade North Sea oil supplies, and Sig. Brunner's statement was regarded in Whitehall as no more than a minor gesture. The Department of Energy described the assurance as an "interesting clarification."

It was being emphasised that Mr. Wedgwood Benn was still not prepared to see decisions *about Britain's refineries taken* in Brussels or elsewhere. The Government has already approved refinery expansion and modification projects worth over £1bn.

Sig. Brunner hopes to win U.K. agreement for the EEC plan when he visits Mr. Wedgwood Benn in London next Thursday. The Commissioner said he was "pulling out all the stops"

According to Sig. Brunner, eight EEC Governments now favour the plan. Under the proposals, the Commission would *draw up a voluntary target for* average refinery throughput, although for this year refiners would simply be asked to keep production levels at no more than 2 per cent. over last year's figures.

GEC lines up Korean deal

BY MAX WILKINSON

GENERAL Electric has emerged as front runner out of 11 international competitors for a £50m. power station contract in South Korea.

The Korean Ministry of Energy and Natural Resources said yesterday that contract terms were being negotiated with GEC as the most favoured supplier for the steam turbines and generators for two nuclear *stations.*

Talks are continuing with Westinghouse, the second choice supplier, in case terms cannot be agreed with GEC.

The turbines are to be supplied to two new stations at Kori, 220 miles south of Seoul. Their total cost is estimated at £1bn.

The Ministry had previously announced that Westinghouse was the most favoured company. Westinghouse *and* GEC *are* already building a nuclear power plant at Seoul, with GEC as a sub-contractor.

The two new stations are scheduled to be completed by 1984 and 1985.

Four of the original 11 competitors for the turbine generator part of the contract, reached the final stage of consideration. They were: Brown Boveri, of Switzerland, General Electric (GE) of *the U.S.*, Westinghouse and GEC.

Weather

U.K. TO-DAY

BRIGHT or sunny intervals with scattered showers, chiefly in the West and North. Scotland cloudy with showers.

London, S.E. England, E. Anglia, Midlands

Sunny, mainly dry. Wind moderate. Max. 9C (48F).

Cent. S., S.W. England, Channel Islands, S. Wales

Bright, showers. Wind moderate. Max. 9C (48F).

E., N.W., Cent. N., N.E. England, N. Wales, Lakes, Isle of Man, S.W. Scotland, N. Ireland

Cloudy, rain, becoming brighter. Wind fresh. Max. 7C (45F).

Borders, Cent. Higlands, N.E., N.W. Scotland.

Cloudy, rain. Wind fresh. Max. 6C (43F).

Outlook: Changeable, some sunny intervals.

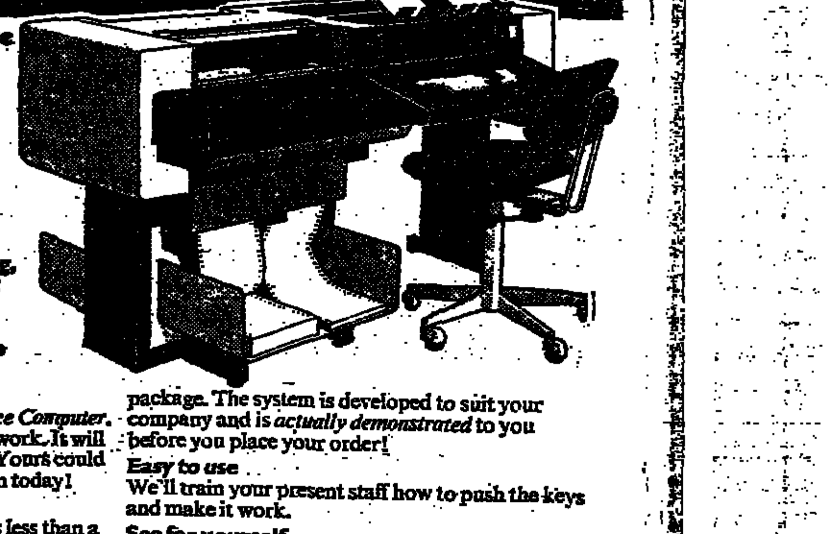
BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	R	6	43	Madrid	C	14	57
Athens	S	13	55	Manchstr.	C	8	46
Bahrain	S	24	74	Melbourne	C	19	66
Barcelona	C	17	63	Mexico C.	C	11	51
Belfast	C	7	45	Milan	Fg	3	37
Belgrade	Fg	0	32	Montreal	C	−6	21
Berlin	Fg	3	37	Moscow	S	−13	9
Birmghm.	C	7	45	Munich	C	2	36
Bristol	C	10	50	Newcastle	R	5	41
Brussels	R	10	50	New York	S	0	32
Budapest	C	1	34	Oslo	C	−9	16
B. Aires	S	29	[illegible]	Paris	C	12	54
Cairo	S	[illegible]	72	Perth	F	[illegible]	72
Cardiff	C	7	45	Prague	C	[illegible]	64
Chicago	S	−3	27	Reykjavik	S	−2	[illegible]
Cologne	C	7	45	Rio de J'o	S	[illegible]	[illegible]
Copnhagn.	C	−1	30	Rome	F	16	61
Dublin	C	8	46	Singapore	S	31	[illegible]
Edinburgh	R	5	41	Stockholm	S	−5	[illegible]
Frankfurt	C	6	[illegible]	Strasbrg.	C	[illegible]	[illegible]
Geneva	C	7	45	Sydney	C	[illegible]	[illegible]
Glasgow	R	7	45	Tehran	C	14	56
Helsinki	S	−7	19	Tel Aviv	C	15	59
H. Kong	S	17	62	Tokyo	S	7	44
Jo'burg	S	22	71	Toronto	C	−3	[illegible]
Lisbon	C	15	59	Vienna	C	−1	30
London	S	11	52	Warsaw	C	−3	27
Luxembrg.	R	6	43	Zurich	C	2	36

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	15	59	Jersey	C	11	52
Algiers	F	27	81	Las Plms.	F	20	68
Biarritz	F	20	68	Locarno	C	5	41
Blackpool	C	7	45	Majorca	C	19	66
Bordeaux	F	15	59	Malaga	R	15	59
Boulogne	C	10	50	Malta	F	16	61
Casblnca.	C	19	66	Nairobi	S	23	73
Cape Tn.	S	26	79	Naples	F	15	59
Corfu	S	14	57	Nice	F	14	57
Dubrovnik	C	12	[illegible]	Nicosia	C	16	61
Faro	C	15	59	Oporto	C	14	57
Florence	F	12	54	Rhodes	S	14	57
Funchal	C	[illegible]	64	Salzburg	F	9	48
Gibraltar	C	17	63	Tangier	C	16	61
Guernsey	R	9	48	Tenerife	C	14	57
Innsbruck	F	5	41	Tunis	F	[illegible]	[illegible]
Inverness	C	9	48	Valencia	F	14	57
Is. of Man	R	7	45	Venice	F	5	41
Istanbul	F	5	41				

S—Sunny, F—Fair, C—Cloudy, R—Rain, Fg—Fog.



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